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EXTENSIVE CROP DAMAGE DUE TO DROUGHT IN ORISSA, BANKURA

Situation Deteriorates in Orissa

Calcutta THE STATESMAN in English 3 Sep 79 p 9

[Text]

BHUBANESWAR, Sept. 2.—The current spell of drought in all the 13 districts of Orissa has destroyed paddy and other kharif crops worth more than Rs 100 crores, according to official sources here.

The situation is getting worse every day with practically no rain since August 10. With the exception of irrigated areas, even crops on low land have been affected by the continuing dry spell.

Officials fear that unless there is widespread rain next week, production of rice and other food-grain during the current kharif season will be reduced to less than half of last year's output of 4.7 million tonnes.

Since the monsoon has weakened only rain under the impact of a depression in the Bay or a cyclonic storm can save the situation.

Nearly 1.3 million villagers are unemployed. The State will have to spend Rs 87 crores to provide them with jobs till March.

In a note sent to the Centre, the State Government has sought an assistance of Rs 25 crores. The rest of the money will come from the Plan and non-Plan budget, including the Rs 8 crores allotted for relief.

The Revenue Minister, Mr P. C. Mohanty, who is chairman of the committee appointed by the State Government to suggest measures to combat drought, has left for New Delhi. He will request the

Union Agriculture Minister to supply an additional 100,000 tonnes of wheat for the food-for-work and test relief programmes. Old people may be given gratuitous relief.

The Government has allotted Rs 5,00,000 to each of the 13 districts for relief. All departments have been instructed to provide people in the drought-affected areas with jobs.

Till now, 226 blocks of a total of 314 have been affected. Paddy fields in several western districts have cracked because of the prolonged dry spell.

According to the Chief Minister, Mr Nityanand Routray, steps have been taken to save standing crops and increase the supply of drinking water.

In Orissa, only 18% of the 4.5 million hectares of farm land are irrigated.

The Agriculture Department has drawn up a programme for early rabi cultivation. The Government has ordered full utilization of the lift irrigation facility to save kharif crops. Farmers will be provided with 13,000 diesel pumps at a low rent.

Prospects Bleak in Bankura

Calcutta THE STATESMAN in English 3 Sep 79 p 9

[Text]

DURGAPUR, Sept. 2.—The prospect of aman crop in Bankura district and in the Durgapur and Asansol sub-divisions is bleak owing to poor and erratic rainfall this year, according to official sources. Crop worth Rs 33 crores has been damaged.

The district authorities fear that the damage will increase if there is no heavy rain in a week's time. Aman seedlings were transplanted on 66% of arable land.

Till the end of this week the district received 730 mm of rain, compared to the normal 900 mm. Except for Bishnupur sub-division, where the Kangsabati Project supplies water, other sub-divisions have no regular irrigation facilities.

Crop prospects in Durgapur and

Asansol are gloomy. Only the Panaga block in Durgapur receives water from Damodar Valley Corporation canals.

An official source in Bankura said that the price of rice in the district had gone up by 40 paise a kilogram on an average since the middle of last month. There was no possibility of a fall in the price once the next few weeks since stockists were reluctant to release foodgrain till they were certain of the current kharif production. The price of atta had increased by 15 paise to 20 paise a kilogram.

Exodus of landless farmers and daily labourers from villages of the district to towns is a possibility because of the discontinuation of the food-for-work programme, the source added.

POOR PROSPECTS FOR RICE CROP IN 1979-80

Calcutta THE STATESMAN in English 3 Sep 79 p 13

[Article by D. P. Arya]

[Text] Rice and fish eaters are in for a big shock this year as the outputs are likely to be much lower and unit prices higher despite availability of rice through statutory ration shops. No firm forecasts can be made at this time of the year as the September rains are still to come. But the way sowings, transplantations and replantations of paddy in washed up areas have been delayed, both because of the delayed monsoon and an early drought, the expectation is of a paddy crop of less than 48 million tonnes in 1979-80 against 53.8 million tonnes in 1978-79.

In both years, nearly 40 million hectares were under paddy, though in 1978-79 only 17.5 million hectares were under HYV. In 1979-80 18.8 million hectares are under it. These figures have to be seen in the context of an output target of 55 million tonnes of paddy, while theoretically 65 million tonnes could be produced if all factors were favourable.

Since paddy procurement was nearly 7 million tonnes in 1978-79, it is clear that in 1979-80 paddy procurement will suffer unless procurement prices are increased. The increase from Rs 85 to Rs 90 a quintal will not be enough. It was not accidental that even before a lower paddy crop estimate was made known, Andhra Pradesh had asked the procurement price to be raised to Rs 130, and Gujarat and M.P. to Rs 125 a quintal. The Agricultural Prices Commission has not accepted their pleas.

As a result of lower paddy procurement this year, rice availability will suffer in the later months of this year and the early months of 1980-81. Input costs for farmers have increased, while output has been lowered. Left to the market mechanisms, hoarding of paddy and rice will ensue from November. There was a chance that ICAR could release some HYV seeds of paddy—more so early maturing paddy—but the "lab to land" programme of ICAR had been an eye wash; less than 20,000 farmers have been contacted under it in paddy growing areas, while there are more than 300 lakh paddy growing households. That is why despite increase in areas under HYV

seeds by 1.3 million hectares this year scarce availability of HYV seeds has destroyed the hope for increase in paddy output.

So much for the macro level developments. What about the micro level-- State level--cultivation of paddy and the rainfall? In fact, in place of State level cultivation the country should concentrate on regional or subdivisional level cultivation of paddy in 1979-80. There are altogether 35 regions or subdivisions. Of them 14 subdivisions had above normal rainfall by mid-August 1979, 14 subdivisions had poorer rainfall (between 21% and 53% below normal), and 7 subdivisions had poorer rainfall, which could be made up to normal magnitudes later. Compared to the picture in mid-August, 1978, this is worse so far as paddy output is concerned.

Sowing of paddy was completed in the Andaman and Nicobar Islands, Arunachal Pradesh, Assam, Meghalaya, Nagaland, Manipur and Tripura by early August, but barring Assam and Arunachal Pradesh, the rest of these four subdivisions had poorer total rainfall (13% to 21% below normal). Floods washed away at least 20% of Assam paddy seedlings and the Crop and Weather Watch Group of the Union Agricultural Ministry did not rush paddy seeds (HYV or even traditional) to Assam. Hence against their aggregate output of 31 lakh tonnes in 1978-79, this year's output is unlikely to reach even 25 lakh tonnes.

The next five subdivisions are sub-Himalayan West Bengal and Sikkim, the Gangatic West Bengal, Orissa and Bihar (both plateau and plains). Though sowing of paddy was delayed in West Bengal, Orissa and Bihar and yet more or less normal rainfall by mid-August, 1979 has indicated a normal crop. However, summer paddy was lost by 50% in West Bengal and sea storms around Orissa's ruined at least 10% crop. Thus, it is estimated that instead of nearly 175 lakh tonnes of paddy produced last year in these five subdivisions, in 1979-80, the total output is likely to be 180 lakh tonnes only, if September rains remain normal.

Uttar Pradesh is divided into three subdivisions, namely, East U.P., plains of West U.P. and Hills of West U.P. In all the three regions total rainfall by mid-August had only been slightly below normal, though both in East U.P. and plains of West U.P. minor floods have destroyed paddy crops. Greater damage, however, have been done to the maize crop in the plains of West U.P. In 1978-79, these regions of U.P. produced nearly 54 lakh tonnes of paddy. In 1979-80, it is doubtful whether the paddy crop can exceed 48 lakh tonnes.

Then come the four subdivisions of Haryana, Chandigarh and Delhi, Punjab, Himachal Pradesh, Jammu and Kashmir. By mid-August, 1979, total rainfall was almost normal in Haryana, Delhi, Chandigarh and Punjab, while it was less than normal (between 31% and 47%) in Himachal Pradesh and Jammu and Kashmir. In 1978-79, these subdivisions produced as much as 36 lakh tonnes of paddy, while the prospects for 1979-80 are hardly 28 lakh tonnes provided September rains are normal. In Himachal Pradesh and Jammu and Kashmir

nearly 50% of the paddy crop has already withered due to prolonged drought.

West Rajasthan, East Rajasthan, West Madhya Pradesh and East Madhya Pradesh are the next four subdivisions, where paddy crops have been damaged. Rajasthan is not a major paddy growing area but M.P. is. In 1978-79 these four regions produced 35 lakh tonnes of paddy, while the prospects for 1979-80 is less than 27 lakh tonnes, mostly because rainfall by mid-August, 1979 was nearly 30% lower than normal in M.P. and there were severe floods in Rajasthan.

In the six regions of Gujarat, Saurashtra and Kutch, Konkan and Goa, Madhya Maharashtra, Marathwada and Vidarbha there were serious drought conditions in Gujarat and Saurashtra followed by floods in early August, but the three subdivisions of Maharashtra received were more or less normal rainfall till mid-August. Total paddy output of these six regions in 1978-79 was around 31 lakh tonnes, while the estimated output in 1979-80 is around 28 lakh tonnes, most of the short-fall occurring in Gujarat where one-third of the paddy crop seems to have failed.

Andhra Pradesh is divided into three sub-divisions, namely, Coastal A.P., Telengana and Rayalaseema. All the three subdivisions have experienced prolonged drought till about the mid-August and hardly any effective steps have been taken. Besides, cyclones also did some damage to the coastal regions. While in 1978-79, A.P. reaped a paddy harvest of nearly 60 lakh tonnes, in 1979-80 it would be difficult to produce even 40 lakh tonnes. Not only was sowing delayed, but replacement paddy seed for burnt seedlings was not made available either. By mid-August, the rainfall was lower than normal by about 40%. Only September rains can partially help improve the situation.

In paddy cultivation the bright spots are Tamil Nadu, coastal Karnataka and Kerala, though Lakshadweep, North Karnataka and South Karnataka may not do too badly. Not only the rainfall had been normal or above normal but these had been well spaced except in Northern Karnataka area. In 1978-79, these six subdivisions produced 84 lakh tonnes of paddy, while in 1979-80 an output of 92 lakh tonnes is estimated registering an increase in output by 8 lakh tonnes. Thus, of 35 subdivisions only these six subdivisions may expect a larger paddy output than last year, while the rest 29 subdivisions will see a considerably smaller paddy output.

These factors indicate a lower paddy crop (by 5.8 million tonnes) in 1979-80 even after the increase of 0.6 lakh tonnes in three Southern States. Shortages of rice will be felt throughout the country, though much more in Eastern States than in Western or Southern States.

COAL PRODUCTION PROBLEMS, BOTTLENECKS EXAMINED

Madras THE HINDU in English 7, 8 Sep 79

[Two part article on coal production, consumption, and movement by staff reporters]

[7 Sep 79 p 8]

[Text] Madras. The magnitude of the job involved in producing over 3.5 lakh tonnes of coal every day staggers the imagination. About 25 km of tunneling is done every day in 360 old underground mines and two lakh tonnes of earth cast aside in 60 odd open cast mines. Over 1,000 coal cutting machines, 3,000 drills, a dozen draglines, 70-80 big shovels, 700 dumpers and a host of other equipment worth over Rs 600 crores are constantly in use. About 120 tonnes of explosives are used to blast the rocks and coal seams.

Four lakhs employees go down the mine to toil round the clock to send up the precious 'black diamond' from inside the bowels of the earth. Over 30 percent of all the employees in the public sector are engaged in coal mining.

The transport and distribution of the bulk fuel is also equally involved and complicated. Two hundred major consumers like steel mills, power stations, cement plants and zonal railways take 70 percent of all the coal produced. There are about 20,000 industrial consumers spread all over the country accounting for another 20 percent of the total despatches. Coal has to travel an average of 600 km before it reaches its destination. It accounts for the maximum tonne km of freight handled by the Railway-- 30 percent of the total.

About three-fourths of the total coal supplies depend upon rail transport (about 10,000 wagons daily). The bulk of the remaining quarter is moved by trucks.

The best quality coals have been recklessly exploited in the past two centuries of mining. Over 3,500 million tonnes of coal produced or 10,000 million tonnes of reserves tapped till now had only 18 percent ash. The

next 3,500 million tonnes to be mined in the 20 years will have more than 28 percent of ash. One of the aims of the Jharia reconstruction scheme is to once again dig out the coking coal left out from the 'unscientific slaughter' mining in the past.

Referring to constraints to production, coal industry sources point out that there are several complaints in regard to design features and performance of coal cutting machines, manufactured by the State owned Mining and Allied Machinery Corporation, Durgapur. The motors supplied by this firm to the Eastern Coalfield Ltd got burnt and MAMC has taken no action for immediate replacement. Other allied questions like after sales service, replacement of spares at reasonable prices continue to pose problems.

Coal India has suggested the creation of a Coalfield Area Development and Planning Authority to control unplanned erection of structures on coal bearing lands--a dangerous zone prone to fires and likely to subside.

Other inputs like cement and power are in short supply. Only a part of the total requirements of 2.7 lakhs tonnes of cement for 1979-80 has been supplied so far. Shortage of power supply is the basic reason for the shortfall in production of raw coal as well as of washed coal. Discussions with the Damodar Valley Corporation authorities to ensure regular power supply has not been fruitful.

There is short supply of high speed diesel oil--a vital input for transporting coal from pitheads to loading points. The situation is not likely to improve but may deteriorate according to current indications.

Another vital constraint is irregular supply of explosives (shortage estimated at 50 percent of requirements). Hence CIL imported explosives at nearly twice the price of the indigenous product.

The law and order situation has deteriorated in the eastern part of the country, specially in the area covered by Bharat Coking Coal and Eastern Coalfield. Assaults, gheraos and strikes are on the increase. A large number of these incidents according to industry sources are not an outcome of individual or collective grievances, but due to certain features, like inter-union rivalry, demand for employment by local youth in the villages adjoining the collieries etc.

In the preamble to the Nationalisation of Coal Mines Act, "Consumers needs" were given the pride of place, so that each consumer would get the proper quality, quantity and size of coal suitable for industrial boilers and furnaces at a fair price.

Has this objective been achieved? Industries are groaning from want of coal. The poor quality supplied aggravates their problems. The Union Energy Ministry and Coal India and its subsidiaries have been announcing that sizable quantities of coal are available at all collieries and claim to

have abundant pithead stocks of over 13.8 million tonnes: but, consumers have not been receiving their barest minimum needs.

The demand forecast for Coal India during 1979-80 is 104 million tonnes, over 70 percent of this quantity will be used by the six steel mills, 60 thermal power stations, 54 cement units, the Railways and 20,000 industrial units besides six million domestic consumers (soft coke). During 1978-79 the total consumption was 113 million tonnes.

Distribution of coal follows a pattern of movement evolved by the Railways over the years. The Railways, therefore, have the greatest control over it. Coal industry sources suggest that the authority to sponsor rail movement should be vested with the producers Coal India.

Of the consumers, steel mills are the worst affected and it is feared that the effort to achieve the annual production target of 7.4 million tonnes seems to be a lost case. According to SAIL, the steel mills continue to operate on 'restricted oven pushing rate' which it considers 'dangerously low' and is likely to damage the furnace linings of the coke ovens. The damage will be that the ovens will suffer thermal shocks resulting from frequent adjustments of operations consequent to fluctuations in coal supplies.

At the end of the first quarter of the current year, all the integrated steel plants reported a production loss of 2.56 lakh tonnes of salable steel. SAIL's earlier hopes of fulfilling the annual production targets are fast receding and this is due to the continued unsatisfactory supply position of coking coal, which after a slight pick up in May, shows a steady decline now.

SAIL argues that to achieve a 15 percent increase in the current year's steel production it needs 46,000 tonnes of coking coal daily on an average. But supplies during the past three months have averaged between 33,000 and 35,000 tonnes only.

Such disturbing trends have arisen when wage agreement with employees have been concluded and an atmosphere of goodwill and cordiality has been created. SAIL feels there is a sudden dampening in spirit and enthusiasm of the workers in the various steel plants.

After a joint meeting among representatives of Steel, Power, Coal and Railway authorities early this year, the steel plants planned an eight percent cut in production in the first quarter of the current year to build a stock of about three lakh tonnes of coking coal. Simultaneously, they had also planned their repairs of capital equipment during the period.

The basic problem is that railway coal traffic is in a shambles today. The Indian Coal Merchants Association feels that the time has come when the Railways must activate their operational and allotment set-up and ensure that wagons 'keep moving' and do not remain idle in the yards.

What is evident is that the railways are not just able to move enough wagons with the result that the industrial and other consumers are finding it extremely difficult to function. The condition is deteriorating day by day. Suggestions have been made that the Union Cabinet should constitute a Committee to identify periodical wagon shortages and take remedial measures to clear the bottlenecks. 'Industries cannot function with the assurance of 14 million tonnes at the pithead but want the same in the boilers. A closer look by the Government to this serious anomaly of plenty at the pithead and nothing at the boilers' end is long overdue.

Consumers feel that on the plea of liquidating heavy arrears of wagons for coal loading coal allotments to industries in the country during the last three months have been drastically reduced. In fact, in March (1979) on this ground, the accumulation of as many as 17,000 wagons in arrears, was wiped out and cancelled by the Railways. The Indian Coal Merchants Association was told at that time that introduction of the new scheme of wiping out arrears and giving fresh allotments, would help the industries obtain coal loaded quickly in a reasonable time soon after allotment is made.

The Association accepted the decision in the hope that industries would henceforth get normal supplies. But the allotment situation has deteriorated.

[9 Sep 79 p 8]

[Text] Madras. Coal India and its subsidiaries have programmed to transport 104.8 million tonnes of coal and other products during 1979-80. Of this, 27 million tonnes will be by means other than railroad, belt conveyors, ropeways and consumers' own wagons.

Transport of coal by road during 1978-79 was 14.89 million tonnes and in the current year the figure has been estimated at 18 million tonnes.

Although operational and commercial rules of the Railways aim at optimisation of loading and better turn-round of wagons, the rules as they exist do not achieve the desired objectives. The main constraints, according to the collieries are inadequate free time for loading, supply of defective wagons besides 'empties' (wagons containing earth, stones etc, when the Railways are supposed to supply wagons 'ready for loading.' Coal industry sources point out that there is need for enhanced time for free loading time since the Railways are keen on moving large rakes (over 40 wagons).

Unscheduled and untimely supply of wagons to collieries where there is manual loading by workers operating under fixed shift system is another constraint.

All wagon allotments are made by the Director of Rail Movement of the Railway Board, who is based at Calcutta. This allotment is based on the forecasts of empties. There is a wide variation between the allotment and physical supplies at one time irrespective of coal availability at the colliery site. The chances are that materialisation of empties may improve on a particular day. Prior consultation with the loading collieries will enable them to absorb reasonable fluctuations in the flow of wagons.

The Railways are also following a peculiar system of rake loading. When more than two wagons in a rake are yet to be loaded within the free time (five hours) allowed, the entire rake can be left behind on colliery account by the pilot locomotive. This imposes double penalties on the colliery, besides causing hardship to the consumer. The Railways cancel the allotment of the next rake to the colliery, though the latter may be prepared to load. Thus, apart from the drop in loading, it creates an impression in the consumer that the colliery has failed to load wagons already supplied for want of coal.

The Railways do not make any differentiation between mechanical and manual loading in collieries. Irrespective of the number of wagons supplied, sidings having mechanical loading facilities are given a bare five hours for loading a complete rake. In order to optimise loading, the collieries have been asked to reduce the number of loading points and install more coal handling plants and weighbridges. Coal India has spent about Rs 50 crores (up to June 1978) towards setting up these facilities and is incurring heavy expenditure for trucking coal to centralised loading points.

It will be worthwhile to find out the cost-benefits of having more number of split-rakes as in the past, against the proposed centralised loading. The full benefits of mechanisation of loading and creation of additional loading capacity to the tune of 12 million tonnes of coal a year have also been eroded due to mixed supplies.

The overall distribution of coal transported by rail takes place in accordance with a system of quotas for different priorities of consumers in different States. These quotas are determined by the Railways and as can be expected, the intended equitable distribution goes haywire whenever the availability of wagons or coal fluctuates. The lower priorities and States far away from the loading collieries suffer more than the higher priorities or customers who are located near the collieries.

The fact that the quota system and distribution control are exercised by the Railways alone makes it inevitable that the system is subservient to railway operational convenience notwithstanding the fact that for any shortage of coal at the consumers' end, the coal producers get most of the blame. Coal India, therefore, feels it is necessary that the producers should participate in determining the priorities and quotas at the macro level and jointly ensure equitable distribution of coal.

It should decide the overall level of allotment keeping in view the availability of empties and offers from coal companies. It can also consider, if necessary, relaxation and adjustment of inter-consumer, inter-State priorities and, quotas keeping in view the distress of the consumer and the operational difficulties of the Railways and the coal companies.

A joint review of the loading capacities and despatch potential of different sidings and depots at the collieries should be undertaken to enable realistic assessment of the level of despatches by rail that can be achieved. This can be done if senior Railway officers are sent to Coal India for liaison and traffic coordination work.

Coal industry sources point out that commercial rules of the Railways often are impracticable to enforce. Most of the rules are relaxed when the Railways have more wagons to supply and are less anxious to have detentions recorded. Therefore, the most important change necessary is to give a reasonable amount of time for loading besides a fixed time schedule for supply and drawing out of loaded wagons to optimise despatches.

CSC: 4220

IMPLEMENTATION OF DRIVE TO SAVE CROP IN JAMMU

Madras THE HINDU in English 9 Sep 79 p 4

[Text] Over 50 percent of the crops in the Jammu division of the State of Jammu and Kashmir--comprising six districts--is likely to wither away due to the failure of the monsoon. However, the Kashmir division, which has had nearly normal rainfall, is likely to have good crop yields.

While the Kashmir valley normally records an annual rainfall of 650 mm, the Jammu region registers 1,115.9 mm and Ladakh, 92.6 mm. But this year, the recorded rainfall in the Kashmir valley is 520 mm in the Jammu region, 448 mm and in Ladakh 48.3 mm till the end of August.

With the dry spell continuing in the Jammu region and the border areas of Ladakh, the extent of loss in the production of kharif grains in the two regions is believed to be between 30 to 35 percent. The worst hit area is the Doda district in the Jammu region where, according to agriculture experts, over 50 percent of the crops has been affected.

Out of 75,000 hectares of agricultural land in the region, one-third is in hilly areas and two thirds in the plains. In the hilly areas, over 60 percent of the maize crop has been severely hit. If there is no rain this month, the situation will become worse.

In the paddy-growing plains of the Jammu region, there has been a drop in the flow in the Chenab, Ravi, Tawi and Ujj rivers and their tributaries and a fall in the water level in tube wells. There is a danger of paddy yields withering away to the extent of 25 percent.

In the Ranbirsingh tehsil in the Jammu district--which is described as a "rice bowl"--many paddy fields are parched. The failure of the kharif crop is bound to have an adverse effect on the rabi sowing of wheat also, as there will be less moisture left in the fields.

It is now almost certain that the current year's foodgrain production target of 12.5 lakh tonnes will not be achieved. The officials in fact concede privately that the State would be lucky if the last year's level of 11 lakh tonnes is maintained.

Efforts are being made to make up for the kharif shortfall during the rabi season. But it may be difficult to cover the entire loss as the rabi prospects also depend to an extent on the soil moisture obtaining after the kharif harvest.

The Government has launched a full-scale drive to meet the after-effects of the drought which is said to be the severest in many years. The revenue, agriculture and irrigation departments are coordinating their measures to fight the drought and save the crops by water management.

CSO: 4220

RUSSIA WANTS UNUTILISED CREDIT USED

Madras THE HINDU in English 10 Sep 79 p 1

[Article by G. K. Reddy]

[Text] New Delhi, Sept 9. The Soviet Union has been persuading India to utilise the outstanding rouble credits for purchase of machinery and materials for industrial development.

Apart from the unutilised credit of 250 million roubles offered during the visit of Mr Gromyko in April, 1977, soon after the Janata Government assumed office, the Soviet Union had offered another 250 millions when the former Prime Minister, Mr Morarji Desai, went to Moscow in June last in the course of his tour of Eastern Europe.

There are, in addition, several other Soviet credits which have remained unused from time to time for various reasons. The Government of India has been trying to use the 250 million rouble credit promised during the Gromyko visit for the Vizag steel plant. The other one offered by Mr Brezhnev when Mr Desai went to Moscow has hitherto remained unpublicised for some un-stated reasons.

The Indo-Soviet economic relations fall into three broad categories of trade, defence supplies and industrial collaboration. The two-way trade between India and the Soviet Union has increased enormously over the years multiplying almost ten-fold in the last two and a half decades. The defence purchases, for which special credits are offered on nominal interest repayable in eight to ten years, are treated as part of a separate bilateral arrangement outside the normal trade plans.

The long-term loans given for purchase of machinery and provision of services for industrial enterprises set up with Soviet assistance are computed separately outside the trade plans and defence purchases.

The total amount of Soviet credits actually utilised till the end of 1978 amounted to a little over Rs 1,000 crores. The two outstanding unutilised credits of 250 million roubles each, plus the unutilised previous credits,

total up to another Rs 600 crores. The Soviet Union is keen that these credits should be utilised soon, before the two sides get down to negotiating further loans for long-term economic cooperation.

The details of the defence purchases are not disclosed by either Government. But fresh loan agreements are negotiated following the earlier pattern each time when new purchases are made for acquiring additional equipment.

It was decided by the previous Government to equip initially only one armoured regiment with T-22 tanks before buying more and entering into a collaboration agreement for manufacturing them. But it is highly unlikely that the present caretaker Government would go ahead with the deal before the elections. The earlier idea of going in for a few squadrons of MIG-23 aircraft and progressively manufacturing them in India will also be held in abeyance.

But the talks for industrial collaboration in setting up new industries, like the Vizag steel complex and the alumina plant, will go on at the official level as part of a continual process envisaged by the agreement on long-term economic cooperation. The Soviet Union is keen that there should be no interruption of these discussions because of the coming elections.

CSO: 4220

DEMAND FOR POWER OUTSTRIPS ESTIMATES

Madras THE HINDU in English 12 Sep 79 p 16

[Text] New Delhi, Sept 11. The Union Energy Minister, Mr K. C. Pant, said on Monday that the annual energy surveys had turned out to be very much below the mark and the demand for power was growing much faster than the estimate of 10 percent.

A more realistic assessment of the demand on the basis of shifting consumption patterns, coupled with an improvement in the utilisation of the available power generation capacity was essential to cope with the problem of growing power scarcity, he said.

He observed that until now power planning had not provided for a spinning reserve or cushion, with the result that whenever there was a drought and a consequent fall in hydel generation, the country was faced with a shortage of power.

Though the increase in generation capacity was being planned on the basis of a 10 percent growth in demand, the real growth in many parts of the country was far in excess of that as a result of a big rise in the demand for power for agricultural purposes, he pointed out.

The Minister however drew attention to the fact that the increase in power generation varied from region to region. While in the northern region generation from thermal and hydel units together had gone up by 16 percent during the first five months of the current financial year over last year, it was minus 5.4 percent in the eastern region. In the southern region the increase was to the tune of 9.4 percent and in the western 1.7 percent.

The average increase for the country as a whole between April and August in comparison with the past year was 6.98 for thermal and 5.7 for hydel power. The growth rate in 1978-79 over 1977-78 was 12.5 percent.

While observing that a more realistic estimate of the growth in power generation in 1979-80 would be possible in October, when the inflow into hydel reservoirs would be complete, he said the generation of hydel units

so far was not only below last year's level but even below the projections made at the beginning of 1979-80.

Among the factors responsible for the setback in power generation, the Minister identified a long time taken by the new thermal units to stabilise after commissioning, a higher forced outage rate of thermal units in some regions, and inadequate supply of coal to some thermal units in some regions.

Mr Pant said a number of thermal power stations in Maharashtra Gujarat and the northern region were not getting coal in adequate quantities to meet their requirements and some of them were running at critically low stocks enough for hardly a day or two.

He said the capacity utilisation level of thermal units had come down from the highest level of 55.8 percent reached in 1976-77 to 48.6 percent in 1978-79. He had taken the matter up with the Chief Ministers of States urging them to implement the recommendations of the expert committee which had gone into the matter.

Mr Pant also said that the progress made in creating new power generation capacity during the Sixth Plan period was not satisfactory. Even though it was proposed that 23 percent of the plan allocations should be utilised for power, the actual utilisation in 1978-79 was 18.8 percent.

The Energy Minister said the generation of power in some of the thermal plants including Neyveli in the southern region was causing concern. He had convened a conference of the Power Ministers of Andhra Pradesh, Karnataka, Kerala and Tamil Nadu in Madras on September 14.

CSO: 4220

INDIA

STATES TOLD TO REVIEW IRRIGATION PROGRAM

Madras THE HINDU in English 5 Sep 79 p 11

[Text] New Delhi, Sept 4. The Union Irrigation Secretary, Mr C. C. Patel, has urged irrigation secretaries of States to take every step to save the kharif crops following the failure of rains.

In a communication to irrigation secretaries of 13 States, Mr Patel has said efforts should be made to save all possible areas under kharif and to provide rabi irrigation to the maximum possible area.

An urgent review of the irrigation programme for the kharif crop is essential. The 'redeeming feature' has been that reservoirs have generally received good replenishments.

Suggesting the spreading of available water to as large an area as possible to maximise production, Mr Patel has said due consideration should be given to less water consuming crops, such as oilseeds, pulses and jowar while planning rabi irrigation.

The canal management authority should also be given wide powers to ensure equitable supply of water and take all possible measures to maximise irrigation with available waters.

CSO: 4220

DROUGHT HITS THREE CRORES OF PEOPLE IN MADHYA PRADESH

Madras THE HINDU in English 5 Sep 79 p 11

[Text] New Delhi, Sept 4. Nearly three crores of people in Madhya Pradesh representing about two-thirds of the states total population are in the grip of severe drought, the Chief Minister, Mr V. K. Saklecha, said today.

The continuous dry spell had severely affected 27 of the total 45 districts in the State, including the entire tribal belt encompassing 17 districts, he said in an interview.

Portraying the 'grim picture' arising out of the drought conditions, Mr Saklecha said that if there was no rain during this month, there would almost be a total loss of rice crop estimated at about 30 lakh tonnes and valued at about Rs 200 crores.

The dry spell had affected the entire rice-producing Chhatisgarh region.

In addition to this, there would be a loss of over Rs 100 crores worth kharif and rabi crops.

In view of the serious situation prevailing in the State the Government had requested the Centre to release as advance assistance a sum of Rs five crores for the scarcity relief programme pending a visit of the Central assessment team, he said.--PTI.

CSO: 4220

POWER SHORTAGE INHIBITS INDUSTRIAL OUTPUT

Madras THE HINDU in English 4 Sep 79 p 13

[Article from "Leo's News & Notes" column]

[Text] The anticipated improvement in power situation in different regions in the latter half of the year has not materialised as the storage in hydel reservoirs in Maharashtra, Orissa, U. P. and West Bengal has not increased to the same extent as in 1978-79 because of inadequate rainfall in the catchment areas. The position has deteriorated to such an extent that even Orissa, which exported power to West Bengal in earlier months has been obliged to impose a cut of 30 percent. The Maharashtra State Electricity Board has not found it possible to remove curbs on consumption as hydel storage is not being replenished on the desired scale. The thermal stations also have not been utilising their capacity in an optimum manner. There is usually a stepping up of hydel generation in the latter half of every year.

As the thermal stations also should be making better use of newly installed capacity, the increase in availability can be more than 10 percent. Because of the shortfall in hydel generation the difficulties experienced by thermal stations in maximising generation on account of technical snags and shortage of coal, industrial units may experience difficulties in raising their output.

CSO: 4220

BRIEFS

POWER CRISIS HALTS MINING--Patna, Sept 3--Coal-mining operations in Jharia-Dhanbad coal fields have come to a halt as DVC has stopped power supply to the area since Saturday midnight. The power crisis in the coal belt has further deepened because Orissa which has been supplying 40 to 50 megawatts of power to the grid is unable to keep it up following steep fall in its power generation. This is due to low water levels in the Balimela and the Hirakud reservoirs following dry spell. The power supply to Raniganj collieries has also been affected. The Bihar Electricity Board is unable to meet the power requirements of the coal belt. Its two thermal power stations--at Patratu and Barauni--are generating 300 megawatts as against an average demand of about 515 mw. [Text] [Madras THE HINDU in English 4 Sep 79 p 11]

TRAINS CANCELLED BY COAL SHORTAGE--New Delhi, Sept 10--The Railways have cancelled 200 pairs of passenger trains because of coal shortage, reports PTI. Mr T. A. Pai, Minister for Railways, told reporters here today that most of the trains were those operating on branch lines. He added that the coal stocks with the Railways would last four days and the services would be restored when the stocks were adequate for about a week. Asked whether it would be possible to settle the issue of bonus for railwaymen in the next four months, Mr Pai said: "I do not know. But I am in favour of rationalisation. Logically, if bonus was given to railwaymen, it would have to be given to others too. This year's general budget deficit is about Rs 2,400 crores. In any case, we are discussing the matter with railwaymen. I am sure they will not go on strike." [Text] [Calcutta THE STATESMAN in English 11 Sep 79 p 11]

DRY SPELL BROKEN--New Delhi, Sept 11. The long and unusual dry spell in Northern India was broken today with rainfall in Jullundur, Ludhiane, Kapurthala and Jammu city. Delhi had a welcome drizzle this afternoon. More than 40 mm rainfall was reported in Jammu City inundated low-lying areas. The long-awaited showers are beneficial to standing kharif crops. PTI [Text] [Madras THE HINDU in English 12 Sep 79 p 8]

KOMANDO JIHAD PLOTTERS MURDER UNIVERSITY OFFICIAL

Jakarta KOMPAS in Indonesian 19 Jun 79 pp 1, 12

[Excerpts] The solution of the murder of the first assistant rector of 11 March University in Sala, Parmanto MA, was announced by the commander of Territorial Defence Command II, Lt Gen Widjojo Soejono, in Surabaya. In Jakarta, the announcement was read by the regional special executive officer for Greater Jakarta, Brig Gen Bambang Sinoredjo, at a ceremony freeing 35 Komando Jihad prisoners in Military Region V, Greater Jakarta. In Semarang, the announcement was read by Maj Gen Sukotjo, commander of Military Region VII, Diponegoro, at a friendship ceremony with religious leaders in the Pandanaran Building.

It was declared that the events surrounding the killing of Parmanto MA on 11 January had been cleared up with the arrest of one of the plotters known as Warman, alias Marwan, alias Musa. He was also involved in the murder of Hasan Bauw in Yogyakarta, in a robbery at the Sunan Kalijaga State Islamic Institute in Yogyakarta, in the robbery of a Magelang gas station, and in a robbery at the Magelang Teacher Training Institute.

According to Gen Soejono, the shooting of Parmanto by Warman and his accomplices was an initial act of terror designed to stir up trouble, to set the armed forces and the people against one another and to frighten the public. Robbery or retribution was not a motive, contrary to earlier rumors.

There were four plotters: Farid Gozali, Hanif, Muhamad and Musa. They went to Parmanto's home, pretending to be guests. Hanif, whose real name was Hasan Bauw, entered the parlor to ask about Parmanto, followed by Farid, Warman and Muhamad. Warman and Farid Gozali shot Parmanto.

Laboratory investigation indicates that an FN 46 pistol owned by Farid Gozali previously was used to kill two members of the intelligence staff, Military Region V, Greater Jakarta in Jakarta. The gun was also used to kill Hanif, alias Hasan Bauw, whom the plotters believed had betrayed them.

Four days after the shooting of Parmanto, an officer succeeded in tracking down Farid Gozali, who was taking a bus to Jakarta. Farid was shot and killed. A friend named AKB,BA was arrested.

The plotters believed that Farid had been betrayed by Hasan Bauw, a student at the Sunan Kalijaga State Islamic Institute, who was later killed in Cangkringan Village, Kalasan, Yogyakarta. According to the investigation, the killing of Hasan Bauw was carried out by five men, including Warman, using the same weapon that had killed Parmanto.

Reportedly Warman is a former member of Kartosuwiro's Darul Islam/Indonesian Islamic Army. After this rebel group was crushed in West Java, Warman, a native of Central Java, migrated to South Sumatra. However, the Darul Islam/Indonesian Islamic Army ideology still infected his soul, leading him to commit many robberies in South Sumatra to finance the struggle, which uses religion as a mask.

Warman, Abdullah Umar and Harun were caught at their hiding place in Malang on 4 April.

It was explained that using the name Komando Jihad, Warman and his companions had succeeded in deceiving almost 400 persons in Territorial Defence Command II, most of whom had taken the oath.

According to the Defence Territorial Command commander, the security apparatus will not use the name Komando Jihad to designate this group of criminals. Their activities are totally unconnected with religious teachings and the Moslem community and are basically criminal.

"The basic teaching of Islam is 'salamah,' which means peace. We all understand that the term 'jihad' (holy war) should not be connected to acts of robbery and murder such as those committed by persons calling themselves the Komando Jihad," the commander said.

He stressed that the use of that name must be corrected because its use degrades the teachings of Islam. Its use also sets the armed forces and people against each other because it gives the impression that in carrying out our duty to eradicate crime we are persecuting holy men. "Because of this, the armed forces will no longer use their term Komando Jihad, but will apply a name more in keeping with their actions, such as 'Warman terrorist group,'" the commander said.

The commander gave his message at a meeting in Pandaan where one of the Komando Jihad figures, Abdul Muksar, was introduced. Abdul Muksar began his statement by declaring he was pleased to be permitted to testify, because he realized his actions were wrong.

He said he was 59 years old and was born and raised in Kebonsari Wetan, Probolinggo. In 1945 he joined the Hizbullah troops and later was a member of the Indonesian Army's 515th Battalion, then commanded by Soewingnyo, now regent of Malang. In 1951 he left the military with the rank of sergeant and a corporal's pensions. He was involved in a killing in Probolinggo in 1951 but served his 5-year sentence only recently, in 1968-72. He had the status of an unconfined prisoner from 1951-68.

Upon his release from prison he became active in the Nahdlatul Ulama. He founded an Islamic school in Kebonsari Wetan with 30 students and a Muhammadiyah school with about 150 pupils. Abdul Muksar then explained in detail about the arrival of a visitor who succeeded in influencing him to join Komando Jihad. He went to Bandung where he was sworn in by Ateng Djaelani and was assigned duties as Malang regional commander. He later became a coordinator of the Greater East Java Regional Battle Command.

He told of the activities of his companions and their superiors in Komando Jihad in Sumatra and Java, and about the murders of Parmanto and Hasan Bauw. He also said instructions had been issued to kidnap and murder judges and prosecutors who tried Komando Jihad cases.

The chief of information for Territorial Defence Command II, Col Drs Syaafroedin Bahar, revealed to the press details on the number arrested. In Jakarta 114 persons were arrested, 105 were freed and 9 will be tried. In West Java 92 were arrested, 38 were freed, 25 will be tried, 22 are being processed, and 7 suspects have been identified.

In Central Java and Yogyakarta 55 were arrested, 19 freed, 16 will be freed and 20 suspects have been identified. In East Java 39 were arrested, 23 freed, 1 will be tried and 15 are being processed.

Thus, for Territorial Defence Command II as a whole, 300 were arrested, 185 freed, 51 will be tried, 37 are being processed, and 27 suspects have been identified.

Both the commander, Military Region VIII, Brawijaya and the commander, Territorial Defence Command II pointed out that those who term themselves Komando Jihad are connected with and/or cooperate with the communists. Their methods and organization are similar to those of the communists. Moreover, in the case of the Islamic Youth Movement in Jakarta/West Java, four Marxist/Communist books in Arabic were found. The commander of Military Region Brawijaya took the opportunity to mention the names of university students and teachers in Malang who were influenced by the movement. A college in that city expelled four students and another college expelled one in connection with this case.

9197

CSO: 4213

INDONESIA

WORLD BANK STUDY SUGGESTS IMPROVEMENTS FOR LIGHT INDUSTRY

Jakarta KOMPAS in Indonesian 20 Jun 79 pp 2, 3

[Text] According to World Bank estimates, Indonesian light industry has a good opportunity to expand its share of foreign markets, provided that production, quality, price and design are improved.

This is one conclusion reached by the World Bank team of experts which has been studying Indonesian industry for the past 14 months. The results of the study were put in book form and reported to the recent session of the Intergovernmental Group on Indonesia in Amsterdam.

The study noted that "Several light industries would be able to sell their products abroad if they improved their ability to compete in price, design, quantity and quality."

Clothing, rattan, silver craft, wooden and leather goods, household goods, cigarettes and television sets are some of the products the World Bank believes would find favorable prospects abroad. "But their competitiveness must be improved."

The Indonesian Government expects to begin exporting \$300-\$500 million worth of clothing per year, starting next year. Up to now the bulk of exports were comprised of batik and similar products. These brought in \$13.6 million per year.

Several special problems must be overcome before exports can be increased, the World Bank study noted. "High costs and high prices hinder their competitive position abroad."

Indonesia's competitors in Asia can hold down prices and costs more easily because their port handling costs, transportation costs and other expenses are lower.

A second obstacle is that Indonesian producers are out of touch with the preferences of foreign buyers. The design of the bulk of Indonesian silver craft is based on old Western models. Producers evidently do not know the kinds of designs in vogue in Singapore, much less in Europe and North America.

The same is true for leather goods. Their design does not attract the buyers' interest.

Indonesian rattan goods are also inferior in design. The World Bank noted that the Philippines have made progress because their goods suit the Western market.

In addition to design, quality is still a problem. There are many kinds of Indonesian goods that could be sold abroad. But there is a marketing problem because they are of low quality.

For example, the World Bank noted that "buttons are often missing and pockets torn."

Production quantity is not sufficient for successful export. Foreign markets demand regular shipment of goods in large quantities.

The World Bank discovered a "very bad" aspect of Indonesian production. "If the quantity is increased rapidly, quality will decline," a critic noted.

Indonesian producers must also pay attention to domestic markets. But the problems are similar--high price and poor quality.

Indonesian producers must overcome the general opinion that all foreign goods are of good quality, for this is not always true. The World Bank suggests that Indonesian producers raise their reputations in the eyes of the buyers.

Management and marketing techniques are considered to be "still inferior." For example, the World Bank study notes that it is difficult for management to enforce work discipline. "The majority of Indonesian managers are reluctant to enforce work discipline because their workers are poorly paid.

"Managers feel it is unfair to expect much of workers who are low paid." The World Bank believes it is proper to raise pay and suppress other costs.

The World Bank believes Indonesia must seek a solution to the problems which plague its light industry. In this case light industry should take priority over heavy industry because light industry absorbs many workers.

The World Bank recommends that a policy package covering the financial, technical and supportive sectors be adopted to encourage the development of medium and light industry. The following steps were proposed:

1. Creation of a unit under the Department of Industry to prepare prefeasibility studies on projects and production. These studies will help investors calculate costs and income and examine market risks. Many potential investors do not fully understand the situation they face.

2. Strengthening of promotional activity to attract capital investment. This activity is now being carried out by the Capital Investment Coordinating Body.

3. Providing financial assistance for investments and working capital on easy terms. Interest rates, collateral requirements and down payments must be adjusted to encourage small investors.

4. Creation of a technical assistance group to aid small enterprises in getting started and in dealing with problems of financing, marketing, personnel, etc, in their early years. This technical assistance group should be placed under the Department of Industry but it could be an independent organization. Foreign technical aid is also needed as part of the policy package.

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CSO: 4213

ADB AID GRANTED SULAWESI TRANSMIGRATION PROJECT

Jakarta KOMPAS in Indonesian 21 Jun 79 p 12

[Text] The Wawatobi Project in Southeast Sulawesi will be carried out with Asian Development Bank (ADB) aid. The project is for transmigration in Wawatobi subdistrict, some 65 KM west of Kendari.

Irrigation facilities will be constructed followed by the opening of ricelands, a road network, houses, schools, a public health center, drinking water facilities, etc. These facilities will be built for 4,700 families migrating from Java, along with 3,200 families native to the area.

A KOMPAS source in the Public Works Service for Southeast Sulawesi said ADB loans totalling \$34.3 million will be channeled to the project.

Funds from the national budget will supplement ADB aid, but the amount of the government contribution has not yet been decided.

The Wawatobi Project is being handled jointly by the General Directorates of Irrigation, Road Construction and Transmigration. Several specific tasks including design will be handled by foreign contractors.

The project calls for construction of irrigation facilities capable of irrigating about 11,000 hectares of paddy.

The Konaweha River, with a flow rate of 19 cubic feet per second in the most critical part of the dry season can be used to irrigate the entire project.

Sehat Nuryadi, chief of the Irrigation Section, Southeast Sulawesi Public Works Service, told KOMPAS that about \$10.783 million of the Wawatobi Project funds would go for irrigation facilities. The design, which will be begun by a foreign contractor in August, will be completed in 16 months.

Offices and housing for the design contractor will be built in July and will be financed from the national budget. According to Sehat Nuryadi, all of the irrigation works for the Wawatobi Project, including the tertiary network, can be completed in 3 years.

9197

CSO: 4213

OFFICIAL LISTS SIX MAJOR METHODS OF ILLEGAL IMMIGRATION

Jakarta KOMPAS in Indonesian 23 Jun 79 pp 1, 10

[Excerpts] The Intelligence and Security Service at Police Headquarters believes that Bangka, the Riau Archipelago and West Kalimantan are prime areas for the smuggling of illegal immigrants. Between the end of 1976 and May 1979, 1,584 illegal immigrants were smuggled into Indonesia.

In accordance with the latest Intelligence and Security Service figures, 1,160 entered during 1977 and 424 in 1978-79.

According to Police Colonel Drs Darmawan Sudarsono, chief of Police Headquarters Information Service, in addition to illegal immigrants, there are other aliens in Indonesia without immigration documents. The 34,120 people in this category may not have documents because they have neglected to obtain them or do not know their responsibilities as aliens or are poor people who are unable to arrange for the documents.

According to Brigadier General Soentjojo, section chief in the Intelligence and Security Service, most illegal immigrants are Chinese. Only a few are not Chinese, he noted. This is understandable, Soentjojo noted, because 92,000 overseas Chinese returned to the PRC following the issuance of the 1957 presidential regulation which became Law No 10/PRP/1959 (later known as PP 10).

Some of these Chinese have returned to Indonesia. They may have been driven out or fled or their return may have been arranged by the PRC government although there is no evidence to support the latter possibility.

The government of Hong Kong is constantly burdened by the influx of former overseas Chinese from the PRC. Their departure to Indonesia or other places of origin relieves this burden.

According to the Intelligence and Security Service, there are six ways to enter Indonesia illegally. First, via an illegal entry area, without passport or visa. Second, as a stowaway on a ship. Third, as a crewman on a ship or as a visitor with an ASEAN or tourist visa. These people drop from sight and later reemerge with immigration documents and birth certificates. Later, they acquire identity cards.

fourth, as an expert with a valid passport such as a passport from Hong Kong or Taiwan. Their trail vanishes and they reemerge with appropriate documents. This method is not used too often, said Soentjojo. Fifth, via the airports at Halim Perdana Kusumah or Belakang Padang in Riau or Ngurah Rai. These people use counterfeit Indonesian passports and documents. Sixth, through the use of counterfeit passports.

Smuggling of illegal immigrants was once done by a syndicate, according to Soentjojo. The ring, which was broken up by police, was motivated only by a desire for profits.

The syndicate, located in Hong Kong with branches in Singapore and Indonesia, charged about 30,000 Hong Kong dollars for the smuggling of an illegal immigrant.

There are middlemen in Indonesia who arrange for the smuggling of illegal immigrants. Some use the names of unregistered, illegal travel bureaus. Legitimate travel bureaus also have been involved mainly in handling correspondence to Hong Kong and other places. They functioned as post offices. A Hong Kong travel bureau, Sam Luen Trading and Travel, has been sentenced in court.

Soentjojo acknowledged that it is very difficult to solve the problem of illegal immigration and especially to take action against them, although Emergency Law No 9 of 1953 does provide a legal basis for the supervision of aliens.

Article 5 of the emergency law states that the Department of Justice can take action against aliens who are a threat to the welfare, morality or tranquility of the public or who do not observe regulations that have been established for aliens in Indonesia. Under the provisions of this article these aliens can be: 1. Required to reside in specific areas of Indonesia; 2. Forbidden access to and required to leave certain areas of Indonesia; and 3. Deported from Indonesia even though a resident of the state.

Soentjojo said that paragraph 3 of article 5 could be applied to the illegal immigrants, most of whom are Chinese, however they cannot be returned to their nation of origin because that country will not accept them. Therefore, the only thing the authorities can do is to try to prevent them from entering Indonesia.

FUEL OIL SUBSIDY TO BE DOUBLED

Jakarta KOMPAS in Indonesian 20 Jun 79 pp 1, 12

[Excerpts] Minister of Mining and Energy Prof Subroto acknowledged that the recent rise in the price of Indonesian crude oil exports will increase national revenues, provided production does not fall short of the target. However, Minister Subroto was not prepared to estimate the size of the increase in revenues, since it is felt that price rises will continue. Besides that, one must also weigh the impact of future increases in the price of oil against rising production costs and increases in the price of imported fuel oil.

Concerning the amount of subsidy required for fuel oil following the rise in kerosene prices, Minister Subroto explained that a large subsidy was still needed, both for kerosene and for other forms of oil (automotive diesel oil, fuel oil and industrial diesel oil). Even though the price of kerosene has risen, the selling price is still far lower than the costs of processing and purchases from abroad. Besides that, it must be remembered that kerosene consumption accounts for 35 percent of all fuel oil sales. Thus, it is estimated that the size of the fuel oil subsidy this year will be double the amount budgeted (220 billion rupiah).

Subroto acknowledged that the [Dumail] hydrocracker project has been assigned high priority. This is because the project will reduce our dependence on foreign sources for kerosene and automotive diesel oil and will also reduce the amount of crude oil being processed, since the hydrocracker will process low sulfur waxy residues, which have previously been exported, into fuel oil.

The government has definitely decided that construction of the hydrocracker project will not be financed through the national budget. Pertamina has been given the following guidelines: the project is to be built as a joint venture by Pertamina and a foreign partner; production of kerosene or other products is not to be tied into the agreement; and there are to be no financial guarantees by the government or Pertamina.

Pertamina will guarantee to supply low sulfur waxy residues at international prices and will purchase the project's output. Another condition is that after a specified period the foreign partner must be prepared to sell all of its shares in the joint venture to Pertamina.

After preliminary study of the offers submitted by interested parties, it has been decided that only the West German, South Korean and Japanese offers will be considered. Discussions are being held with the three candidates to select the contractor for construction of the Dumai hydrocracker project.

Regarding the planned construction of a hydrocracker project on Batam island by Kuwait and Malaysia, Minister Subroto noted that the last meeting with representatives of the two nations was held in Kuala Lumpur in April 1978. At that time Indonesia was tasked with performing a prefeasibility study. This was completed and submitted to Kuwait in June 1978. Since then there have been no further meetings. Kuwait has been asked to meet on several occasions but they have not yet set a date.

Minister Subroto agrees with Parliament that the government's recently-proclaimed energy conservation program is both comprehensive and demanding. The conservation program touches all aspects of people's lives and the conservation of energy and of fuel oil in particular, must be carried out by all strata of society.

The government, specifically the Department of Mining and Energy, is organizing an energy conservation program which will have the objective of encouraging the public to change its life style and save energy. A technical objective will be to economize on the use of fuel in the industrial and transportation sectors through the modification of equipment. The government is holding a series of meetings with energy-using sectors (industry, transportation, housing) to formulate detailed suggestions for conservation, both quantitative and qualitative, as well as necessary steps to reach established goals.

With regard to the planned construction of an alumina factory, Minister Subroto said that a feasibility study on the construction of the plant on Bintan island had been carried out by Klockner Alcoa consultants. This study indicates that an investment of \$597 million will be needed but the government believes this figure is too high and must be reduced. The possibility of building the plant at Kuala Tanjung, near the Asahan aluminum smelter, is now being studied.

The decision on whether to locate the plant on Bintan island or at Kuala Tanjung is being carefully studied by the Department of Mining and Energy, Department of Industry and Department of Finance and the National Development Planning Board. As a result of the delay in construction of the alumina project, the Asahan aluminum smelter will be forced to buy alumina from abroad in 1982, its first year of operation.

9197

CSO: 4213

BALIKPAPAN REFINERY NOW GAS-FUELED

Jakarta KOMPAS in Indonesian 20 Jun 79 p 2

[Text] Pertamina has successfully used gas to fuel the Balikpapan oil refinery for the first time. The low sulfur waxy residue (LSWR) which previously fueled the refinery can now be exported. If the refinery uses 9 billion BTU of gas per day, then Pertamina will be able to export up to 1,500 barrels of LSWR a day. The return in foreign exchange will be \$12,000 a day or more than \$4 million a year. Piet Haryono, principal director of Pertamina, explained this yesterday in Balikpapan at a dedication ceremony for the Sepinggan Gas Use Project in East Kalimantan. He noted that the gas which had formerly been simply released can now be used to diversify and conserve energy resources. Until now 24 million cubic feet of gas was flared each day in the Sepinggan oil field, the equivalent of 4,000 barrels of oil per day, worth more than \$72,000.

The Balikpapan refinery was using 400-500 tons of LSWR per day, the equivalent of 16 million cubic feet of gas. Because the refinery is old it cannot operate at full capacity and is using only 9 billion BTU of gas per day, the minimum amount agreed to by Pertamina and the Union Oil Company.

It was the irony of the situation that prompted Pertamina and Union Oil to use Sepinggan gas as fuel for the Balikpapan refinery.

An economic study showed conclusively that the cost of modifying the refinery's fuel system to use gas was just \$2 million, an amount that can be repaid in 6 months. A gas sales and supply contract was signed by Pertamina and Union Oil Company on 13 March 1978, and the project to use Sepinggan gas was completed on 17 April 1979.

Indonesia's natural gas supplies are still very large--around 3 trillion standard cubic feet, consisting of associated gas, which is mixed with oil and nonassociated gas, which is found alone. In Pertamina Region IV/Kalimantan, gas reserves of considerable potential are found in the Badak field (Huffco), in the Sepinggan and Attaka offshore fields (Union Oil), in the Handil and Bekapai fields (Total Indonesia) and in the Bunyu field (Pertamina).

9197

CSO: 4213

'RELATIVE' SELF-SUFFICIENCY IN RICE SAID POSSIBLE

Jakarta KOMPAS in Indonesian 19 Jun 79 pp 1, 6

[Excerpt] It is true that Indonesia is now capable of achieving self-sufficiency in rice. However, that self-sufficiency, which estimates indicate will be reached in 1979, is relative, not absolute. Thus, Indonesia must continue to import rice from abroad.

Bustanil Arifin, chief of the Logistics Board, told Parliamentary Commission VII yesterday that there are two interpretations of self-sufficiency, namely, relative and absolute. Relative self-sufficiency is the gross production needed to meet yearly demand.

This does not take into account the need for seeds, the problem of shrinkage, or stockpiling of reserves. All of these factors are considered in absolute self-sufficiency. Thus, in 1979, Indonesia must continue to import rice, although information indicates we have achieved relative self-sufficiency.

According to Bustanil Arifin, the government definitely will not take a risk by halting rice imports. "The government definitely does not want a repeat of the events of 1972," he stated.

At that time, he noted, the minister of agriculture reported that there had been a large increase in Indonesian rice production. Based on the agriculture minister's information, the chief of the Logistics Board decided that imports were no longer needed.

However, that estimate proved incorrect, because Indonesia was struck by drought. When Indonesia suddenly sought rice abroad, there were no supplies remaining on the international market. What rice was available was very expensive.

Commission VII of Parliament agrees with Bustanil Arifin's conclusion that the government's statements that rice production in 1979 can meet domestic needs refer to relative, not absolute self-sufficiency.

Based on government estimates, Indonesian rice imports in 1979 will surpass last year's total, even though production increased in 1979.

Gross rice production was 17.59 million tons in 1978. After deducting for seed and shrinkage, the total was 16 million tons.

Meanwhile, according to Central Statistics Bureau calculations, which tallied with Logistics Board figures, Indonesian rice imports were 1.85 million tons in 1978. Thus, the total amount of rice going to meet domestic needs--net Indonesian rice production plus imports--was 17.85 million tons.

The 1979 requirement is estimated as 103.9 percent of 1978 needs. This is due to a 2.1 percent rise in population and a 1.8 percent rise in consumption. Thus, Indonesian rice needs for 1979 are estimated as 18.5 million tons.

Gross rice production is expected to reach 17.9 million tons. After deducting 9 percent, or 1.6 million tons, for seed and shrinkage, net rice production should be 16.3 million tons. This goes directly to meet domestic needs.

Since 1979 needs are 18.5 million tons, there will be a 2.2 million ton shortfall, which must be made up by imports. The actual quantity of imported rice in Indonesia in 1979 will be 2.5 million tons; in addition to the 2.2 million tons needed to meet 1979 demands, there is a "carry-over" of 0.3 million tons for the first 3 months of 1979.

Information indicates that the estimates for seed and shrinkage used above are actually minimum estimates. Logistics Board data indicates that the actual figure for seed and shrinkage is 25 percent of gross production. If Logistics Board figures are used, rice imports must be greater.

Bustanil Arifin mentioned Dr Jack Sullivan's prediction that Indonesia would be forced to import 9-10 million tons of rice in 1985. He said, "This startled all of us." Of course, it is possible that Dr Sullivan meant to alarm us, so that we would try harder to increase production.

"If the prediction is correct and the price of rice is \$250 per ton in 1985, then Indonesia would have to spend no less than \$2.5 billion, or more than 1.5 trillion rupiah on rice imports alone. Dr Jack Sullivan is America's assistant AID administrator for East Asia.

"Actually, there is a firmer prediction," Bustanil Arifin continued. A Food and Agricultural Organization study in June 1978 projected Indonesian production of 29.7-30.3 million tons of unhulled paddy in 1985--19.8-20.2 million tons of rice. Demand in 1985 is projected as 33.6-33.8 million tons of paddy, or 22.4-22.5 million tons of rice, a shortfall of 2.45-2.55 million tons.

"The special World Bank projection prepared in conjunction with the session of the Intergovernmental Group on Indonesia last April is even more recent," Bustanil Arifin noted.

World Bank estimates are that Indonesia will produce 21.5 million tons of rice in 1985, compared to a demand of 23.1-23.9 million tons, a deficit of 1.5-2.5 million tons. The World Bank study was very detailed, using much data that may not have been considered in the FAO study. Among other factors considered was government investment in irrigation.

Meanwhile, Bustanil Arifin noted, one must remember that the government has a plan, which will be part of the Third 5-Year Development Plan. That plan estimates Indonesian rice production will be 20.574 million tons in 1983. That total is close to the World Bank projection.

9197

CSO: 4213

NEW OIL REFINERY AT MANDRAH PLANNED

Lahore THE PAKISTAN TIMES in English 21 Aug 79 p 8

[Text]

ISLAMABAD, Aug. 20: In view of the increased indigenous oil production in the coming years, the oil refining capacity at the Attock Oil Refinery at Morgah, near Rawalpindi, is being expanded and a new mini-refinery is planned to be set up at Mandrah.

Official sources said that a topping plant of 5,000 barrels per day capacity will reach Morgah refinery by March 1980 and a refinery plant of a capacity of 20,000 barrels per day by November the same year. Together, these will cost Rs. 120 million.

In addition, the state-owned Oil and Gas Development Corporation has submitted a plan to the Government for setting up a small 10,000 barrels per day capacity refinery at Mandrah, about 50 miles south of Rawalpindi. The refinery is to be located near the newly-discovered PPL-AMOCO owned oil field at Adhi (Talagang).

The Government has guaranteed to create processing facilities for 15,000 barrels per day to be available from this field where production tests are underway and the 66th exploration

tory well has just started drilling.

The International Finance Corporation, an affiliate of the World Bank is providing finances for these oil refining facilities.

Officials expect that by 1982, the OGDC-owned Toot oil field will be producing 10,000 barrels per day and the Pakistan Oil Fields-owned Meyal oil field 20,000 barrels per day.

At present, the refining capacity of the Attock Oil Refinery is 11,000 barrels per day.

After the addition of the new facilities, the refining capacity in the Pothwar oil producing region, will increase to 46,000 barrels daily.

It is hoped that with the commissioning of these projects, half of the country's oil refining requirements would be met. The burden of the Railways as well as trucks for the transportation of oil from Karachi to up-country would be greatly reduced.

In the meantime, drilling is proceeding apace at Dhermund, Mianwali and Gazian in the Pothwar region where encouraging results have been forthcoming.—PPI

CSO: 4220

ADB TO AID INLAND FISHERY PROJECTS

Lahore THE PAKISTAN TIMES in English 3 Sep 79 p 8

[Text]

KARACHI, Sept. 2: An advance party of the Asian Development Bank mission arrived here today to hold discussions with the Pakistan Government officials to finance inland fishery projects in Pakistan.

The team will meet the officials of the Federal Government on September 13 after its leader Mr. V.M. Nair arrives.

It will first hold discussions with the officials of the Fisheries Department of the Sindh Government and then proceed to Islamabad for final discussions.

The ADP is expected to finance 40 to 45 per cent of the foreign exchange requirements of the

project.

The Norwegian firm has prepared two study reports, one on fresh water fish Aqua culture and another on brackish water Shrimp culture and have submitted these reports to the Federal and Provincial Governments.

The Asian Development Bank will finance this broad-based fisheries project which will be carved out of these reports.

On the completion of the project in 1990 the annual inland fish and shrimp production of the country is expected to increase from 33,000 metric tons in 1978 to over 100,000 metric tons.—PPI.

CSO: 4220

BRIEFS

DENMARK WAIVES DEBTS--Islamabad, Aug 22: The government of Denmark have agreed to waive off the outstanding Pakistan's debt as of 1st October, 1978 under loan No 1 amounting to D. Kr. 7,518,247 (US dollar 1,419,073). The Danish government have also softened the terms of the Danish loan No 2 by extending the period of grace and repayment. now loan No 2 which is interest free will be repayable over a period of 35 years including period of 10 years. APP [Text] [Peshawar KHYBER MAIL in English 23 Aug 79 p 6]

SUGAR IN BLACKMARKET--Khanewal, August 24: While the atta supply position improved towards the end of the holy month of Ramazaa, mutton and beef were available at the fixed prices, and the prices of desi sugar, gur, gram, salt, potato and other vegetables dropped because of the daily inspection by a local magistrate, sugar and kerosene continued to be sold in the blackmarket. The finger of the local Food Department functionaries is clearly visible in the sugar blackmarketing pie. Butter oil, which has not come this way for the past two years did not make an appearance even in Ramazan. Sold by the Ghee Corporation through utility and co-op stores, butter oil flows out to the blackmarket in big cities almost immediately after its distribution and sells at between Rs 15 and 20 higher than the fixed price. The supply and availability of cement showed marked improvement. [Text] [Lahore THE PAKISTAN TIMES in English 25 Aug 79 p 7]

CREDIT REQUEST TO IMF--Islamabad, Aug 16: Experiencing unusual strains on its reserves, Pakistan has approached IMF for 90 million dollars to support its balance of payments. The assistance sought can be contracted out of IMF Trust Fund, the drawal from which is not subject to rigid conditions. Pakistan has not availed some others balance of payments facilities of the IMF in recent years (like standby credits our extended fund facility) because those are linked to harsh adjustments in the borrowers economic policies. For example, in pre-Budget talks with IMF Pakistan rejected the view that devaluation of its currency was necessary as one of the corrective measures for restoring its balance of payments equilibrium. Earlier this month, Islamabad also approached the World Bank for the reconsideration of its plea for debt relief. If accepted the move can take off a burden of up to 200-250 million dollars per year of its repayments for a period of four years. [Text] [Lahore THE PAKISTAN TIMES in English 17 Aug 79 p 1]

FISHING PROJECT WITH POLAND--Karachi, Aug 28: The Ambassador of Poland, Mr Ryszard Pospiechowski, has said today that Poland would like to revive the project, which it had furnished some years ago to the Government of Pakistan for Poland-Pakistan joint venture for deep-sea fishing in Pakistani waters. The Polish Ambassador accompanied by Mr Kazimierz Maurer, Consul of the Polish People's Republic in Karachi, today paid a farewell call on the Federation of Pakistan Chambers of Commerce and Industry. The Polish Ambassador pointed out that if Pakistan diversified its exports to Poland and adding mineral products then it would be helpful to the balancing of trade. [Text] [Lahore THE PAKISTAN TIMES in English 29 Aug 79 p 7]

CSO: 4220

RELOCATION OF U.S. BASES NEAR NUCLEAR PLANT SUGGESTED

Manila PHILIPPINES DAILY EXPRESS in English 8 Sep 79 p 5

[Text]

IT WAS reported in the newspapers that the license for the Bataan Nuclear Power Plant has been frozen for the last two years because the nuclear power plant site is only some twenty kilometers away from Subic Naval Base and some 100 kilometers away from Clark Air Base.

This is clearly a case of conflict of interests between the Philippines as host country and United States as an ally on our territory. Common sense dictates that our national interest should prevail over our traditional Filipino hospitality for the following reasons:

1. The Philippines cannot afford to transfer the \$1.2 billion nuclear power plant to another location because our country just borrowed the funds for its construction. On the other hand, the United States with its multi-billion dollar defense budget can easily relocate these two military bases.

2. The Bataan Nuclear Power Plant could only emit radiation in case of a serious accident but the two military bases with their stockpile of nuclear

warheads can cause a holocaust in Luzon in case of an accident or war. (If submarines, warships and planes carry nuclear warheads, what more of military bases?)

3. It will be more strategic to separate these two nearby military bases, which are only around forty (40) air kilometers apart and could, therefore, be annihilated by a single hydrogen bomb, and relocate them in far apart islands in the south, where they can do a better job of protecting the Indian Ocean, the Pacific Ocean and our troublesome southern border that is vulnerable to invasion.

These two military bases should, therefore, be relocated and Subic Naval Base may be converted to another Free Trade Zone while Clark Air Base may be converted to a new international airport in Central Luzon that is just an hour's drive from Metro Manila.

The third reason mentioned above makes the relocation of these military bases a most logical move that will benefit both parties, whether or not the nuclear plant license is granted by the US Regulatory Commission. - J.N. PEMPENGCO JR.

USO: 4226

MINISTER URGES DISMANTLING AUSTRALIAN TRADE BARRIERS

Manila PHILIPPINES DAILY EXPRESS in English 31 Aug 79 p 9

[Article by George T. Nervez]

[Text]

ECONOMIC Planning Minister Gerardo P. Sicat yesterday urged the dismantling of trade barriers to Philippine products entering the Australian market to reduce the deficit which the country has been suffering in its trade with Australia.

He proposed a wider coverage for Philippine and ASEAN products in the Australian scheme for tariff preferences, and a regular review of quota levels so as to make the volume of quotas more proportionate to any increase in the Australian market.

Sicat made these statements in a speech at the opening plenary session of the Philippines-Australia Business Cooperation Committee (PABCC) and the Australia-Philippines Business Cooperation Committee (APBCC), 5th joint conference at the Manila Peninsula hotel.

SPEAKING in the same conference, Australian Ambassador Richard Woolcott said that the deficit that the Philippines suffers in its trade with Australia "is more likely to grow in the early part of the decade ahead."

The Australia envoy said the imbalance may be increased by the Philippines' increased energy needs, especially purchases of uranium, steaming coal and possibly aluminum.

Sicat said that despite the respectable growth in the Philippines' exports to Australia, there is still a lot of "unrealized potentials" in

penetrating that country's market.

The balance of trade between the two countries has consistently remained in Australia's favor, cumulating to some \$750 million over the last 10 years, he added.

He said that the value of RP-Australian trade has grown over the past years amounting to some \$242 million in 1978, representing an annual increase of 23 percent over the decade.

PHILIPPINE exports to Australia grew at an annual rate of 36 percent from \$4.5 million in 1968 to \$75 million in 1978, while the country's imports from Australia rose by 18 percent annually, from \$47 million in 1968 to \$167 million in 1978. "This lop-sided trade picture is a matter of concern to us. For while we do not, as a matter of policy, seek to achieve a trade balance in all our bilateral relationships, we are keenly aware that despite our intensified export promotions our products still have to make substantial gains in the Australian market," Sicat stressed.

On the other hand, Woolcott said the emerging trading pattern of the coming decade between Australia and the Association of Southeast Asian Nations (ASEAN) shows Australia relying on the ASEAN countries for products of labor-intensive industries while ASEAN relies on Australia for its energy needs.

He assured ASEAN, especially the Philippines, that Australia continues to improve access to its market for ASEAN products.

WORLD BANK FORECASTS CONTINUED GROWTH IN NONTRADITIONAL EXPORTS

Manila BULLETIN TODAY in English 31 Aug 79 p 25

[Article by Antoni Rivera]

[Text] The World Bank forecast that Philippine non-traditional exports industries will continue to grow annually by 18 per cent.

After exceeding \$1 billion in 1978, the WB report, "Industrial Development and Strategy," predicted that the Philippines' non-traditional export sector will realize \$3 billion in export earnings within the next five years.

The 18 per cent growth for Philippine non-traditional export industries compares with 12 per cent for most least developing countries.

The WB report attributes this to labor costs and high productivity of the Filipino workers.

According to the report, Philippine productivity compared favorably with other non-traditional exporting countries due to the fact that Philippine labor costs are one-half less than

that of South Korea and one-third below that of Hong Kong.

The WB report by Rarent de Vries, which conducted the study early this year, suggested that some measures would have to be under-

taken to enable the Philippines to maintain the encouraging growth in the non-traditional export industries.

The measures include additional financing for exports in terms of increased availability of credit and permitting a freer trade conditions to exist via the elimination of unnecessary tariff barriers.

The WB also called for new investment in small-scale and medium-sized industries as well as in the production of newer and higher quality products.

Industry Minister Roberto Ongpin in a speech the other day responded that the Philippines was very much willing to subscribe to the optimistic World Bank projection and as

a matter of good intentions has already taken several steps calculated to support the World Bank's projections.

Ongpin favored an aggressive export program completely aided by an effective administrative reform designed to cut processing red tape.

He said other main efforts in the new industrial development policy direction is the creation of many other employment-generating projects.

Ongpin also suggested that additional financial incentives may be made available in the future to new industries which will actively support the export program.

Ongpin expressed the belief that the government from now on will start avoiding the over-protection of industries through such mechanism as tariff barriers and that disregard listing of industries as overcrowded. (AR)

BANKS FREEZE MARGIN LOANS TO IMPORTERS

Manila PHILIPPINES DAILY EXPRESS in English 13 Sep 79 p 9

[Text]

LOCAL commercial banks have stopped granting margin financing to importers to help improve the country's worsening balance of payments and ease existing tight credit conditions.

The commercial banking sector has been asked by the Bankers Association of the Philippines (BAP) to support fully the Central Bank's import reduction program "so that the system liquidity may be improved."

Specifically, BAP president Antonio H. Ozaeta asked commercial banks:

- Not to provide margin financing to importers until import levels drop to normal, with the BAP monitoring the movement and reporting to the CB and BAP members.

- To strictly enforce the penalty charges recommended by BAP for trust receipts (T/Rs) which go beyond the limits set by MAA's Nos. 30 and 40 - equivalent to one-fourth of one percent for the first 30 days or a fraction thereof; and one-half of one percent for every

30 days or fraction thereof beyond the 30 days period.

The penalty charges will apply to all past due T/Rs, Ozaeta said.

The BAP circular was issued after CB Gov. Gregorio Licaros expressed concern over the "bigger than normal increase" in imports during the first five months of the year.

...

CB OFFICIALS said that the increase in imports which went up by as much as 45 percent during a seven-month period ending in May was "due to over-importation for stockpiling, presumably in anticipation of price increases abroad."

Over-importation, in turn, resulted in the accumulation of past due - T/Rs (over P700 million "frozen" in this category) and tight money situation.

According to the CB, while stockpiling is a prudent business practice, the use of funds for the purpose at a time when the country's balance of trade is "highly unfavorable" should be stopped.

TWELVE-POINT EXPORT PLAN EXAMINED

Manila PHILIPPINES DAILY EXPRESS in English 13 Sep 79 p 9

[Article by Rosario A. Liquicia]

[Text] **TRADE** Minister Villafuerte yesterday bared a 12-point program intended to hasten the growth of the country's exports and achieve a trade surplus at a much earlier time than previously projected under the 10-year development plan.

The country may be able to achieve a trade surplus by 1983 if it sustains a 20 percent yearly export growth rate, while keeping down the growth of imports to 10 percent.

The surplus can be achieved by 1984 if export growth is maintained at 18 percent yearly, Villafuerte told members of the Philippine Chamber of Commerce and Industry.

...

VILLAFUERTE'S export program includes:

- Import substitution industries be induced to export, at least part of their production. As an incentive to these industries, the drawback system should be made more efficient;

- The bonded manufacturing warehouse concept be extended to other industries aside from garments and electronics;

- The lifting of marginal deposits for the importation of raw materials for the production of re-exportable finished products;

- A working relationship between the Ministry of Trade and the Export Processing Zone Authority so that the former may assist the latter in attracting foreign investment inflows into export processing zones and in promoting and marketing the products manufactured within such zones;

- Making the Philippine International Trading Corp. the ministry's corporate arm for export development;

- A review of the Philippine trade house concept with the objective of obtaining better yield in terms of market promotion through the development of other programs to enlarge its scope or provide viable alternatives to it;

- Periodic reviews of bilateral trade agreements to determine their relations to the net trade deficit position of the country with respect to certain trade partners;

- Further simplification of export procedures and the removal of unnecessary restrictive regulations on export activities.

- The improvement of market research and market forecasting and monitoring systems.

- Launching of an aggressive

promotion program to induce multinationals to establish in the country warehouse, storage and transshipment facilities;

- o The professionalization of the garments and textile exports board; and

- A redesigning of existing development plans for cottage industries.

...

LAST YEAR, the country's exports grew by only 8.7 percent in contrast to the sharp rise of 22.4 percent in 1977. Imports, on the other hand, rose at a much faster pace of 20.9 percent last year compared to the increase of 7.8 percent in 1977.

According to the 10-year development plan of the National Economic and Development Authority (NEDA), trade surplus can only be achieved by 1989.

The trade minister also said that he anticipates changes in existing policies like the alignment of credit, investments, tariff and other measures to support and assist the requirements of export industries.

FOOD ACID EXPORT VENTURE APPROVED

Manila BULLETIN TODAY in English 11 Sep 79 p 24

[Text]

The board of investments (BOI) has approved the registration of FMC corporation as a pioneer export producer of food-grade phosphoric acid under the Export Incentives Act (RA 6135).

Phosphoric acid is an acidifying agent in beverages, is utilized in flavoring jams and jellies, is an ingredient of bread dough and cake flour, and is used as yeast nutrient.

FMC Corp. estimates that its plant in Tanauan, Batangas will cost P37 million.

The company will fund its project through a mix of equity (P24.5 million), loan (P11.12 million), and deferred taxes and duties (P1.36 million).

Currently, its au-

thorized capital stock stands at P1 million, with P50,000 paid-up. Its major stockholder is Stuart Perkins, who holds 99 per cent control. FMC's parent company, FMC International S.A., will assist the local firm market its product overseas.

The firm will import phosphorous, the basic raw material to be used from FMC's mother plant at Pocatello, Idaho. Seventy per cent of the local FMC's output will be shipped to Malaysia, New Zealand, Pakistan, Singapore, Mainland China, Japan and other Asian countries.

The project is estimated to yield dollar receipts of \$23.81 million for five years from start of commercial operations.

CSO: 4220

PHILIPPINES

EXPORTS OF SUGAR TO OTHER NATIONS RISE

Manila BULLETIN TODAY in English 29 Aug 79 p 17

[Text] Purchases of Philippine sugar by importing countries other than the United States, which have been gradually rising since the expiration of the Laurel-Langley agreement in 1974, totaled more than 500,000 metric tons, raw, value, last year, but were still behind US total imports of 626,856 MT, according to F.O. Licht statistics.

During the Laurel-Langley years, all Philippine sugar exports went to the premium US market. After July 4, 1974, the Philippines began exporting to other countries but still retained the American market.

Although imports of Philippine sugar by countries other than the US are consistently increasing and their combined purchases are creeping up towards the US total, no individual country has crept near to overhauling the US as the No 1 market.

The biggest consistent buyer of Philippine sugar other than the US is the Republic of China, which "purchased a total of 204,932 MT, raw value, in 1978.

Iraq, which had zero imports during the three years before 1972, imported 197,684 MT last year to become the second biggest importer of Philippine sugar outside of the US, Licht statistics showed.

Japan, which used to be the second biggest importer next to the US, found its 1978 purchases going down to 52,617 MT from 250,352 MT in 1977.

The Republic of Korea not only edged out Japan as the third biggest importer of Philippine sugar outside the US, but showed a sharp increase in its imports from only 5,886 MT in 1977 to 85,984 MT last year.

Korea was followed by Malaysia, which purchased 44,811 MT of Philippine sugar. The other importers of Philippine sugar during the past year were Indonesia, with 10,869 MT, and Singapore, with 8,173 MT.

New Zealand and Romania, which had identical 13,000-MT purchases in 1976, dropped out of the list with 0 imports in 1977 and 1978.

Iran, Morocco and Portugal, which purchased 57,031 MT, 27,090 MT and 11,376 MT, respectively in 1975, also had zero imports during the next three years.

The Soviet Union, which imported 231,230 MT in 1976 and 655,714 MT in 1977, made no purchases last year.

So did the United Kingdom and Algeria. The UK purchased 181,882 MT in 1975 and 33,531 MT in 1976 but had zero imports in 1977 and 1978. Algeria which bought 37,939 MT in 1976 and 33,696 MT in 1977, made no 1978 purchases.

Malaysia, Indonesia and Korea started their big purchases of Philippine sugar in 1977.

CSO: 4220

COCO EXPORTS GENERATE 106 MILLION DOLLARS LAST MONTH

Manila PHILIPPINES DAILY EXPRESS in English 7 Sep 79 p 10

[Text]

EXPORT earnings from coconut products last month amounted to \$105,694,576, posting a hefty 46.58 percent improvement over export figures in the same month last year.

On a volume basis (in copra terms), the export for the month registered a one-year drop of 9.17 percent to 147,307 metric tons (MT).

The August export earnings boosted to \$668,629,388 the aggregate coconut export earnings during the first eight months of the year. This figure was 21.46 percent more than the preceding year's eight-month export earnings.

In terms of volume, the aggregate export also reflected a 27.86-percent dip to 985,449 MT from 1,366,038 MT in January-August last year.

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THE INCREASE in foreign exchange receipts from coconut exports this year, in spite of the sizable decline in export volume, is attributed to the significantly higher prices than those of last year (in parenthesis).

Accounting for almost 80 percent of total receipts, coconut oil was averagedly traded at 45.75 cents per pound, up by 66.88 percent (27.42 cents); copra was up by 80.24

percent at 672.79 per MT (\$373.27); copra meal, 25.82 percent at \$162.84 per MT (\$129.50); desiccated coconut, 43.56 percent at \$57.61 per 100-pound bag (\$40.13); charcoal, 54.75 percent at \$171.53 per MT (\$110.85); and activated carbon, 8.72 percent at \$1,016.74 per MT (\$935.11).

With the prices of some commodities slightly down compared with those of the previous month (July 1979), copra meal, desiccated coconut and charcoal managed to increase, though minimal, by 0.46 percent, 0.02 percent and 3.12 percent, respectively.

DESPITE the month's copra export of 17,000 MT valued at \$11,437,500, aggregate copra export fell back to a low 105,850 MT compared to last year's 285,777 MT down by 62.96 percent. As this developed, copra now accounts for only 9.77 percent of the industry's aggregate earnings of \$668,629,388.

Coconut oil export continued to display renewed strength with its August shipment of 74,536 MT valued at \$75,171,300. While aggregate volume was down by 18.91 percent from 623,256 MT to 505,397 MT, total earnings rose by 38.39 percent from \$347,328,756 to \$480,661,227 or 71.89 percent of the total industry receipts.

ELECTRONICS EXPORTS HIT 73 MILLION DOLLARS

Manila PHILIPPINES DAILY EXPRESS in English 7 Sep 79 p 10

[Text]

THE country exported electrical appliances, electronics equipment and components worth \$73.42 million during the first quarter of 1979. This was 64.78 percent more than the first quarter of last year's export performance of \$44.56 million.

Asuncion Kalalo, director of the Board of Investments (BOI) exports department, said this group of products ranked second to garments among the top non-traditional export of the country.

She said the growth of every product in the group is expected to continue.

The group of products is composed of telecommunications and

sound-recording and reproduction apparatus and equipment, electrical machinery apparatus and appliances and electrical parts and semiconductor devices, diodes, memory planes and stacks.

Exports of semiconductor devices, diodes, memory planes and stacks accounted for more than 73 percent of the total exports.

SEMICONDUCTOR devices accounted for \$51.16 million, diodes, \$0.12 million and memory planes and stacks \$2.82 million.

Exports of electrical machinery apparatus and appliances, though lower, had the biggest rate of increase.

CSO: 4220

PAPER ANALYZES TRENDS IN PRICES

Manila BULLETIN TODAY in English 12 Sep 79 p 40

[Text]

Workers and their families have been frustrated and angered by past and current trends in prices of goods and services, and the apparent inability of their incomes to keep up with inflation, according to a research center memorandum.

The memo, released by Trade Union Congress of the Philippines (TUCP), largest federation of labor unions, added that workers and their families have been frustrated by prices rising much faster than justified by legitimate increases in production and selling costs.

The TUCP memo

dated Sept. 3 said further: "They do not understand these developments, especially in the light of pronouncements that prices would not be expected to rise sharply as costs are not increasing that much and as inventories with producers and sellers are considerable."

"It would not be inconceivable that these frustrations and anger may be further intensified by price and pricing trends leading to inflationary rates approaching 25 per cent this year in the Philippines as a whole and exceeding 25 per cent in Metro Manila and its

environs."

TUCP researches also showed that housing has reemerged as a major inflationary factor, figuring prominently in seven regions in the past seven months.

The union federation paper found out that it is only in the Bicol provinces where overall price increases during the first seven months of this year have been faster than those in Manila. However, three other regions — western Visayas, eastern Visayas and southern Mindanao, — surpass the rate for the Philippines as a whole.

CSO: 4220

OVER HALF OF OIL FUND USED TO AID NONOIL PROJECTS

Manila PHILIPPINES DAILY EXPRESS in English 5 Sep 79 p 12

[Text]

MOST of the P1.8 billion released from the oil industry special fund (as of June 30) was used to partly finance non-oil projects of the government, the Ministry of Energy said in a report to President Marcos.

About 35 percent or P667 million of actual releases from the P2.6 billion collections for the fund went into non-oil projects such as the Magat multi-purpose project of the National Irrigation Administration, and the purchase by the National Power Corp. of Meralco plants.

The special fund which was created in May 1974 is intended among other things, to finance projects related to the consumption or use of crude oil, gas and other petroleum products, the development of alternative sources of energy, the exploration and research on conservation, anti-pollution and similar studies.

AS OF JUNE 30, the special fund

stood at P2.6 billion, of which P1.8 has been released. Of the P751 million balance, P320 is in the form of unreleased appropriations and P437 million in unappropriated surplus.

The ministry report also said about 31 percent or P578 million of actual releases from the fund was used as subsidy to the various oil programs of the government.

Among these are the crude surcharge reimbursement fund, and subsidies for crude as well as diesel and naphtha importation.

About P386 million or 20 percent was used as capitalization for the Philippine National Oil Co. and its various subsidiaries, with the remaining balance of P238 million spent for the acquisition by PNOC of equipment such as drilling rigs, LPG tanker, and self-propelled barges.

CSO: 4220

PHILIPPINES

INDUSTRIES HIKE OIL USAGE

Manila BULLETIN TODAY in English 11 Sep 79 p 24

[Text] Industries raised their consumption of petroleum products by 6.9 percent during the first half of this year, higher than the overall growth of consumption of 4.7 percent, according to the Ministry of Energy.

Consumption by industries in the January-June period this year jumped to 27,497 million barrels from 25,720 million barrels in the comparable period last year.

Industries gobbled up about 65.5 percent of total consumption of petroleum products, which reached 41,974 million barrels this first half.

According to the energy ministry, 17 out of 22 industries registered growths in oil consumption while five showed minuses in petroleum intake.

Consumption by the lube refining sector led the jump records with a growth of 235.9 percent.

Petrol intake of coconut and vegetable processing industry rose by 68.5 percent; domestic aviation, 61.4; chemicals, 51.5; contractors, 49.5; others, 34.2; power generation, 28.9; sugar, 23.6; domestic marine, 23.1; steel and metal processing, 22; land transport, 17.7; mining, 17.6; ceramics, 16.3; fishing trade, 11.6; rubber and tires, 9.9; wood industry, 9.1; and glass manufacturing, 1.9.

Industries that reduced oil consumption were fertilizer, 34 percent; food processing, 31.2; textile mills, 0.9; tobacco, 0.13; and cement, 0.3.

According to the energy ministry, crude oil importation during the first half declined by 2.2 percent. But imports of finished oil products significantly increased due to greater shipments of diesel, premium gasoline, and cooking gas mainly by Caltex Philippines to cover shortfalls caused by a plant shutdown for various repair work.

Fuel oil importation went up to cover the requirements of NPC power plants of the national power corporation, which used to burn crude oil directly.

Coal production accounted for 10.2 percent of the country's total energy consumption during the first half. Coal output increased by 4.6 percent to 5,597 metric tons.

Because of the cutbacks in oil supply mainly due to the Iranian political crisis, the country's inventory of crude and petroleum products dropped to a low of 51 days as of May 20.

However, the inventory level bounced back to 62 days as of June 30. This resulted from resumption of Iranian supply, greater production of the Nido oil wells, and strict enforcement of energy conservation and fuel allocation measures.

CSO: 4220

PHILIPPINES

BRIEFS

NEW NIDO WELL--The Cities Service-led Nido consortium is drilling its sixth well in the discovery site and hopes it will be a production well. The Nido wells are now spouting oil at the rate of at least 40,000 barrels a day--a production rate that will generate for developers something like P1 billion revenues at the end of the year. Far exceeding the 25,000 barrel per day output, the Nido group paid the government \$1 million in production bonus some months back and expects to pay the same amount when the 50,000-barrel per day output is reached. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 10 Sep 79 p 16]

OIL DRILLING NOTES--The following bits of information on drilling for oil in the Philippines do not necessarily reflect official releases. They are from sources entirely mine: (1) Cadlao No 4 well--drilling preparations underway. This is after Glomar Concepcion finishes with CITCO in NE Palawan. Spudding point nearer Matinloc area, western side of Cadlao No 3 well. This is a preparatory well or a development well for a probable sub-sea head production (subject to further confirmation)...Cebu--Mala Pascua well is now at 1,300 feet Discoverer III is doing this...(3) Nido IX well is now at 5,450 feet on a deviational drilling target of 6,500 feet. Interesting zones between 5,900 ft. and 6,400 ft...(4) Reed Bank drilling to use Discoverer III after Mala Pascua or Penrod 874 if Discoverer is delayed. Probable drilling date, Sept 20 for a targeted depth of 14,000 feet with interesting zones at 9,500 ft and 12,500 ft. This operation is described as interesting but dangerous. [Teodoro F. Valencia] [Excerpt] [Manila PHILIPPINES DAILY EXPRESS in English 5 Sep 79 p 4]

CSO: 4220

TAIWAN'S INTERIOR MINISTRY ENFORCING SOCIAL REFORM

Taipei CNA in English 0230 GMT 9 Aug 79 OW

[Text] Taipei, 9 Aug (CNA)--The Ministry of the Interior has in the past six months enforced a series of social reform measures adopted at the third plenary meeting of the 11th Kuomintang Central Committee last year, Interior Minister Chiu Chuang-huan said Wednesday.

Reporting at a meeting of the KMT Central Committee, Chiu cited some measures accomplished in the six-month period as follows:

--Promote observance of law, order and discipline in an effort to build an orderly and harmonious society.

For implementing this measure, the Ministry of the Interior has worked out an enforcement plan covering civil administration, social work, education, information, transportation and police. Upon approval by the government authorities, the plan will be put into operation immediately.

--Strengthen organizational structure of associations of farmers, fishermen, laborers, industries and business and provide additional services to the related members.

Under this program, the government has revised laws and regulations, raised the income of farmers, improved production techniques of fishermen, set up industrial unions, helped conclude collective labor agreements, streamlined personnel and financial systems of business associations and encouraged industries and businesses to join associations.

--Assist youths to obtain jobs and help them participate in national reconstruction.

Under this program, the government has drafted vocational training law, the employment law, both of which are now under review by the responsible agencies, which are now under review by the responsible agencies. In addition, the government is consulting with the examination yuan to ease the

rigid grades, permitting more lawyers, medical doctors, certified public accountants and other professionals to get practicing licenses.

--Build more apartment houses to solve the housing problem.

The Ministry of the Interior has stepped up efforts to implement the housing program by raising the number of apartment houses to be built, speeding up the construction methods and strengthening the power of the government housing authorities. In the meantime, the government has revised all the related housing regulations.

--Improve the medical care and welfare programs in remote regions.

This program is being implemented by the national health administration.

--Help low-income people, promote social welfare and impose heavy taxation on luxury consumer commodities.

CSO: 4220

TAIWAN PREMIER OPTIMISTIC OVER ECONOMIC FUTURE

Taipei International Service in English 0100 GMT 5 Aug 79 OW

[Text] Premier Y. H. Sun said Saturday that despite current economic difficulties, he was basically optimistic about the economic future of the Republic of China. The premier made the comment at a ceremony in Taipei during which 2,274 export firms were cited for their outstanding performance in 1978.

Premier Sun attributed his optimism to the Republic of China's [ROC] stable commodity prices, relatively low cost of energy, and steadily rising productivity of the nation's labor force. These advantages, the premier said, give the ROC competitive edge over many other countries and insure long-term economic growth.

Premier Sun pointed out that despite a serious setback Free China encountered last year, the nation still managed to set a new record in foreign trade. Last year, he said, many of the nation's major export firms did over \$100 million U.S. worth of business. This year he noted, three firms had already surpassed that figure. The significance of that accomplishment becomes all the more apparent he said when you consider that in 1953 the nation's total export trade amounted to just \$120 million U.S.

Each of the 2,274 firms cited Saturday did more than \$1 billion U.S. worth of business in 1978. Their exports for that year amounted to \$7,036 billion U.S., more than 55 percent of the ROC's entire export trade.

CSO: 4220

TAIWAN

TAIWAN BANK ANALYZES CURRENT TRADE WITH EEC

Taipei CNA in English 0241 GMT 7 Aug 79 OW

[Text] Taipei, 7 Aug (CNA)--Taiwan's trade with the European Economic Community has grown fast in the past 20 years, an analysis made by the International Commercial Bank of China said Monday.

Last year exports to the EEC member countries totaled U.S. \$1,460 million, an increase of 190 times over 1958; and imports from those countries reached US\$1,070 million, up 59 times, according to the analysis.

The average annual growth rate of exports to the EEC was 35.2 percent, and the average growth rate of imports from the EEC was 25.4 percent in the past 20 years, the analysis said.

The Republic of China suffered deficits in trade with the EEC before 1969. However, since 1970 the nation has recorded trade surpluses except for in 1974, the analysis noted.

The analysis also makes the following suggestions for the nation to promote trade with EEC:

--Taiwan trade offices in the EEC member countries should do their best to offer domestic exporters and manufacturers information on new products, new technical know-how, and market analyses.

--Taiwan's exporters should expand exports to Belgium, the Netherlands, Britain, Italy and France. These EEC member countries all are potential markets for Taiwan products. In the past, most of Taiwan's trade was with West Germany.

--The high-quality products should be developed and low-price sales should be avoided because sales at low prices would invite trade restrictions.

--Try best to seek the preferential tariff treatments from the EEC member countries.

--Lower tariff taxes for imports from the region.

PREMIER SUN REVIEWS TAIWAN'S EXPORT SITUATION

Taipei International Service in English 0100 GMT 7 Aug 79 OW

[Text] In Taipei, predicting that energy will be cheaper in Taiwan than in most other neighboring countries, Premier Y. S. Sun Monday advised manufacturers to take advantage of the nation's special competitive edge to further develop their overseas markets. The premier made the remarks at a ceremony where 456 exporters were awarded and cited for their outstanding export performance in 1978.

Sun said the development of Taiwan's nuclear power projects will account for 30 percent of the island's total energy output in 10 years, which will cushion the effect of further oil price hikes on the economy. Sun also noted stable commodity prices last year were a major factor in that year's fast export growth. He said local manufacturers should appreciate the contribution a low inflation rate makes to export growth and continue to take advantage of the nation's stable economy in the future.

Sun said even though export trade in the last quarter of this year and in the first half of next year might suffer the effects of worldwide recession, Taiwan's manufacturers will be able to weather the crisis so long as they can continue to improve their operations. He noted that the Republic of China has many favorable conditions to remain a major exporting nation. Sun said even though wages have risen about 15 percent per year for the last few years, productivity has climbed even faster, so that now labor costs account for a smaller portion of total production costs than they did in 1973.

Sun stressed that efforts by manufacturers to improve management technique and promote reinvestment and imports of new technology from abroad will give Taiwan an even greater competitive advantage. He also called for the strengthening of various industrial associations so that exporters can collaborate in developing their export strategies and in striving to enter markets which have traditionally been considered hard to develop.

CSO: 4220

TAIWAN

TAIWAN PRESIDENT ISSUES DIRECTIVES AT ECONOMIC MEETING

Taipei CNA in English 0256 GMT 8 Aug 79 OW

[Text] Taipei, 8 Aug (CNA)--President Chiang Ching-kuo presided over a meeting of high-ranking financial and economic officials Tuesday morning at the presidential office.

After hearing a report on the current economic situation made by the Council for Economic Planning and Development, President Chiang gave the following directives:

--The economy of the Republic of China is growing steadily after the readjustment of gasoline and electricity rates. The government shall continue to carry out its economic reconstruction plans to further promote the nation's economic development, because world oil price hikes have been overcome due to the close cooperation between the government and the people.

--The Central Bank of China has recently appropriated NT dollars 5,000 million (U.S. dollars 138.89 million) for commercial banks for extend loans to small and medium enterprises. It is appropriate to take such a measure. The Ministry of Finance shall help the banking organizations make good use of this measure so that the small and medium enterprises will be able to obtain financial support conveniently.

--The amount of loans extended by financial organizations to private enterprises totaled NT dollars 595,100 million (U.S. dollars 16,530.6 million) up to July 26, an increase of NT dollars 121,800 million (U.S. dollars 3,383.3 million) or 25.7 percent over a year ago. The government shall continue to make more funds available in loans for private enterprises under the condition that the stability of commodity prices is not affected.

--The government shall continue to help farmers associations carry out its surplus rice buying policy to ensure that the farmers can gain 20 percent of profit from their production.

--The government shall encourage the people to save money and deposit their savings in the bank. This measure, to be carried out on a large scale, will help the people form a good habit and enable the government to make good use of the savings in national economic reconstruction.

CSO: 4220

INTERVIEW WITH CHIANG CHING-KUO ON SINO-U.S. RELATIONS

Taipei Domestic Service in Mandarin 1100 GMT 17 Jul 79 OW

[(Wallace) interview with President Chiang Ching-kuo--read by announcer: first 3 minutes missed due to technical malfunction]

[Text] President Chiang: Taiwan's strategic importance has not changed with the establishment of diplomatic relations between the United States and the Chinese Communists. The Republic of China [ROC] and the United States have many (?common interests), including strategic aims. If the United States had clearly seen this fact, it would not have been (?so misled by its immediate needs as to accommodate itself to the international communist forces). As for our side, the government and people of the ROC will, as always, continue to heighten our vigilance and step up our preparations to safeguard our own security with our own strength.

(Wallace): The Chinese Communists invaded Vietnam shortly after the United States recognized them. Does your excellency think that this action has caused the United States and other countries to change their view of the Chinese Communists' policy of giving priority to economic development?

President Chiang: This reminds me of the situation in which drinking Ma Tai wine and wearing Mao tunics were once in vogue in the United States after Nixon's first visit to Communist China. But what was the outcome? What fervor for Chinese Communism failed to make Americans to clearly understand it. With the passage of time, hypocrites will finally expose their true colors.

(Wallace): In the past, many people advocated that the United States should improve its relations with the Chinese Communists in order to expand trade between them. Does your excellency also think so? Will this constitute a threat to the future of your country's economy?

President Chiang: If the Chinese Communists do not fundamentally change their system and ideology, their modernization will only be empty talk. The Mainland has a population of more than 800 million while Taiwan has only 17 million people, and there is a great disparity between the Mainland

and Taiwan in area. However, the Mainland's volume of foreign trade is smaller than Taiwan's and its rate of economic growth forms a sharp contrast with that of Free China. These facts show the Chinese Communists' backwardness. As for the volume of trade between China and the United States, which is steadily increasing, it is 10 times the volume of trade between the United States and the bandits. The prospects for a rapid expansion of commerce between the United States and the bandits are bleak.

(Wallace): Will or will not your excellency predict the establishment of nonpolitical contacts with the China Mainland, such as trade and postal contacts and visiting relations, as proposed by Beijing officials recently?

President Chiang: The people on the China Mainland are leading a very difficult life. Moreover, people there have no freedom of going to school, nor can they choose their jobs. The Chinese Communists do not even grant these basic freedoms to the Mainland people, but they glibly talk about exchanges and contacts with other areas, which is nothing but deceptive talk. The Chinese Communists (?have put forward this proposal) because they are attempting to divide, sabotage, infiltrate and subvert the ROC--a free, open society--so that they will be able to realize their ambition to annex Taiwan when they cannot do so by force.

CSO: 4220

DIPLOMATIC MISSION CHIEFS IN LATIN AMERICA MEET IN COLOMBIA

Taipei CNA in English 1416 GMT 16 Jul 79 OW

[Text] Panama City, 15 Jul (CNA)--Chinese diplomatic chiefs in Latin American countries (?agreed) at the three-day closed-door meeting in Cartagena, Colombia, on several main points for improving their services in future as follows:

1. To strengthen substantial diplomatic relations such as promoting two-way trade, art and cultural activities, private investment and technical cooperations;
2. To extend invitations for high level government officials, key members of national congress, leaders of the syndicate and other personalities of foreign nations to visit Taiwan making [as received] them a clear and real impression on economic, political and social progress in the Republic of China;
3. To promote understandings of foreign governments and peoples of our government's anti-communist policy, and to reveal Chinese Communist subversive plans to the Free World;
4. To do the best to serve Overseas Chinese (?in) their individual and social welfare, to cooperate closely with the (?host) nations and to stand firmly to respect the nonintervention principle;
5. And to take active and strong offensive actions to face the challenge of Chinese Communist regime.

Meeting of Chinese diplomatic envoys accredited in Latin American and Caribbean countries which was held at Cartagena commenced on July 12 and ended Sunday night. This was the fourth gathering of Chinese diplomats in [words indistinct] since more than one decade.

CSO: 4220

'CNA' REPORTS SURVEY ON TAIWAN'S EXPORTS TO EEC

Taipei CNA in English 0245 GMT 30 Aug 79 OW

[Text] Taipei, 30 Aug (CNA)--The Republic of China's exports to EEC member nations in 1978 amounted to U.S. dollars 1,460 million, a 190-time increase over 20 years ago.

A survey conducted by the International Commercial Bank of China indicated that the nation's exports to EEC nations in the past 20 years maintained an average annual growth rate of 33.2 percent.

Imports from EEC nations in 1978 totaled U.S. dollars 1,070 million, up 59 times from those of 1958, years ago according to the report. [Sentence as received]

It also said that before 1969, the nation suffered an unfavorable trade balance with EEC nations. But after that year, Free China's exports to EEC nations have surpassed imports, except in 1974. In 1978, the nation's exports to EEC nations exceeded imports by U.S. dollars 390 million.

The bank suggested that local traders should diversify markets to further expand the nation's trade. Local traders used to concentrate their exports in West Germany. France, Italy, Britain, Belgium and Holland are potential markets to be developed, it said.

The government is also urged to strengthen its trade services in that part of the world by providing local trades with fast and accurate information.

Since many EEC nations have adopted quota system to protect their domestic industries, local manufacturers should develop high quality products to increase the export value.

The bank also urged the government to cooperate with trade associations to seek most favored nation treatment from EEC countries.

CSO: 4220

TAIWAN

NICARAGUA THANKS TAIWAN FOR AGRICULTURAL AID

Taipei CNA in English 0253 GMT 3 Sep 79 OW

[Excerpts] Panama City, 1 Sep (CNA)--"We heartily thank President Chiang Ching-kuo and the people of the Republic of China giving us agricultural aid at the right time. This rainy season is the time for plantation. The seeds--20 tons of peanuts and 3 tons of sesame--donated by the Chinese Government will be sowed soon and to be harvested this year for the nation's consumption" said Jose Torres, Nicaraguan minister of agriculture and livestock, Saturday at Managua's international airport when he received the donation from the Government of the Republic of China. The donation was transported to Managua by a special plane of China Airlines.

Ambassador Hsueh said at a donation ceremony that "these seeds were cultivated by Chinese farmers in Taiwan. We shipped them here in Nicaragua by a special plane to help the national reconstruction of this brotherly Central American nation in order to show our true friendship to the Government and people of Nicaragua. I believe that the traditional and excellent co-operation between our two countries will surely be strengthened."

On behalf of Foreign Minister Miguel d'Escoto, who is now in Havana, Cuba, for the sixth world conference of the non-aligned nations, the director of protocol reiterated sincere appreciations for the donation and said the ministry will officially send a grateful note to the Chinese Government for the help.

CSO: 4220

TAIWAN

TAIWAN'S EXECUTIVE YUAN REPORTS MILITARY, DIPLOMATIC GOALS

Taipei CNA in English 0248 GMT 6 Sep 79 OW

[Text] Taipei, 6 Sep (CNA)--The Chinese armed forces are making all-out efforts to beef up their combat capability and war preparedness to safeguard the Taiwan area and accomplish the mission of Mainland recovery, the Executive Yuan said Wednesday.

In a written administrative report to the Legislative Yuan, which will open its 64th session soon, the Executive Yuan said militarily the government is placing high priority on the development of science and technology and industries related to national defense.

The government is endeavoring to maintain superiority in navy and air force over and is intensifying political warfare against the Chinese Communists, the Executive Yuan said.

Diplomatically, the Executive Yuan said, the government will stick to its anti-communist policy, and will always stand on the side of the democratic camp under the principles of independence and self-reliance.

The government will further strengthen its relations with those countries that are maintaining diplomatic ties with Free China, and, at the same time, will develop substantive relations with other free countries, the Executive Yuan said.

Relations between the Kingdom of Saudi Arabia and Free China have been close and cordial and will be further strengthened as the two countries share the common goal of anti-communism and common interest, the Executive Yuan said.

Although diplomatic relations between the United States and this nation have been severed, economic and trade ties between the two countries are being strengthened. Investments from the U.S. to this country continue to increase, the Executive Yuan said in its administrative report.

It also said the Republic of China has received up to the end of June this year 10,828 refugees from Indochina.

CSO: 4220

TAIWAN

AUTHORITIES ARREST BUSINESSMAN FOR PRO-PRC ACTIVITIES

Taipei CNA in English 0937 GMT 31 Aug 79 OW

[Text] Taipei, 31 Aug (CNA)—A businessman-politician in Taichung has been arrested as a suspect Chinese Communist agent.

Hung Chih-liang, 30, visited Peiping for over 10 days in late March and early April and was received several times by the deputy secretary general of the "Political Consultation Conference," a united front organization of the Peiping regime, the Bureau of Investigation (BOI) said.

Before leaving Peiping, Huang was given the assignment to persuade the "like-minded people" in Taiwan to visit the Chinese Mainland.

Although Hung reported his Peiping visit to the authorities after he returned to Taiwan on April 12, he was unable to give a convincing story about his innocence, BOI said, adding that further investigation showed that he had indeed withheld important information.

Hung left Taiwan on March 15 with Tokyo as his ostensible destination. From there he departed for Peiping on March 20 and stayed there until April 10.

Soon he assumed the imposing title as "board chairman" of the Fu Pai Enterprises Co., Ltd. and took over from his brother the agricultural magazine FU PAI CHIH SHEN (The Voice of Wealth Fortress).

In no time, he turned the magazine into a political forum to launch his new career as a politician. The magazine was suspended for one year in May last year for violating the publication law which says a magazine must not change its nature.

During the suspended parliamentary elections late last year, Hung registered his candidacy for a seat in the Legislative Yuan. His campaign speeches were highly inflammable, aiming at driving a wedge between local-borns and citizens of Mainland-origin and between the people and the police.

After his magazine resumed publication this year it carried articles criticizing the government in handling the diplomatic disruption with the United States and the trial of Yu Teng-fa and his son Yu Jui-yen.

In one article, Hung praised Teng Hsiao-ping's visit to the United States and the Chinese Communist invasion of Vietnam, contending that these were events "all Chinese can be proud of."

CSO: 4220

COSTA RICAN FOREIGN MINISTER LEAVES

Taipei CNA in English 0232 GMT 25 Aug 79 OW

[Text] Taipei, 25 Aug (CNA)—Costa Rican Foreign Minister Rafael Angel Calderon Fournier Friday reaffirmed in Taipei that the Costa Rican Government will continue to support the Republic of China in world affairs and has no intention to set up diplomatic ties with the Chinese Communist regime.

Speaking at a departure news conference at the Sung-shan military airport, Minister Calderon said: "As relations between the Republic of Costa Rica and the Republic of China are close and cordial, the Costa Rican Government will maintain official ties with the Republic of China."

The foreign minister said, "The Costa Rican Government has never considered to terminate its relations with the Republic of China so as to set up formal ties with the Chinese Communist regime."

Calderon also said that Costa Rica expelled two Soviet diplomats last week because his government does not permit any country to interfere with its interior affairs. "We have told the Soviet Government not to do it again in Costa Rica."

Commenting on Nicaragua's new government, the Costa Rican foreign minister said the Nicaraguan people have succeeded in gaining their freedom, relations between Nicaragua and Costa Rica have become normal.

Calderon, accompanied by a party of six, left here Friday noon after a five-day official visit. The minister has been received separately by President Chiang Ching-kuo and Premier Sun Yun-suan. The foreign minister has also visited military and economic complexes. Calderon and his party were seen off at the Sung-shan military airport by Foreign Minister Y. S. Tsiang, members of the Taipei diplomatic corps and other government officials.

CSO: 4220

TAIWAN EXPECTS ECONOMIC GROWTH RATE OF EIGHT PERCENT

Taipei CNA in English 0935 GMT 8 Sep 79 OW

[Text] Taipei, 8 Sep (CNA)--With the overall decline in the global economy, economy of the Republic of China is expected to register an 8-percent growth in real terms in the current year, down from the 8.5-percent target set earlier this year, according to the Directorate General of Budget, Accounting and Statistics.

The directorate's statistics showed that economic growth has declined steadily from a peak of 18 percent in the third quarter of last year to 8.9 percent in the second quarter of this year. Growth for the third quarter is expected to reach 7.06 percent, and a growth of 7 percent will be needed for the last quarter if the total growth for the year is to reach 8 percent.

The directorate attributed the strong performance in the first half of the steady growth of domestic consumption, which was sufficient to offset the decline in export growth.

Meanwhile, per capita income reached NT dollars 27,156 (U.S. dollars 754) for the first half. The average monthly pay in the manufacturing sector was NT dollars 7,508 during the period, an increase of 23 percent over the first half of last year. The rise in manufacturing wages was significantly larger than the 7.4-percent rise in the consumer price index.

Output in the manufacturing sector advanced 10.6 percent in the first half. Growth rates in other sectors were: agriculture, 1.4 percent; mining, 4.5 percent; trading, 8.6 percent; transportation, storage, and communications, 11.3 percent; and service, 8.2 percent.

CSO: 4220

TAIWAN

PRESIDENT CHIANG CALLS FOR 5-YEAR AGRICULTURAL PLAN

Taipei CNA in English 0231 GMT 14 Sep 79 OW

[Text] Taipei, 14 Sep (CNA)--President Chiang Ching-kuo Thursday asked the council for agricultural planning and development to map out a five-year plan to solve basic agricultural problems.

President Chiang presided over a meeting on agricultural problems at the council for agricultural planning and development in the afternoon.

After being briefed on the current situation of agricultural production and farmers' income, President Chiang asked the council to map out a five-year plan to solve problems caused by population increase, limited arable land, small-scale operations of farming, comparatively low agricultural labor force, and low income of farmers.

President Chiang said a country must be able to solve its agricultural problems before it can solve the problems in economic development. The government should step up its efforts to take care of farmers' interest so that continuous agricultural development in this country can be ensured.

Eighteen high-ranking government officials took part in the meeting. They included Premier Sun Yun-hsuan, Finance Minister C. C. Chang, Taiwan Gov. Lin Yang-kang, Vice Economics Minister Chang Hsui-shwen and Huang Ching-feng, director of the Taiwan Provincial Food Bureau.

CSO: 4220

TAIWAN PREMIER DEPARTS FOR SAUDI ARABIA

Taipei CNA in English 0253 GMT 15 Sep 79 OW

[Text] Taipei, 15 Sep (CNA): Premier Y.S. Sun left for Saudi Arabia this morning for a three-day visit at the invitation of the Saudi Government.

In a airport statement on his departure, Premier Sun said: "On the orders of the president and at the invitation of the Government of the Kingdom of Saudi Arabia, I am leaving for a visit to Saudi Arabia. This is a moving moment for me.

"The Kingdom of Saudi Arabia is consistently and universally respected for holding fast to principle and upholding justice. In recent years, it has dedicated itself to national development and the people's welfare with successes that have attracted attention worldwide.

"The relationship between the Republic of China and the Kingdom of Saudi Arabia has been steadfastly close and cordial. Thanks to the mutual efforts of our government, the scope of cooperation has been expanded and the relationship steadily augmented. Our government and people will never forget the support and assistance provided by the Saudi Government in our time of difficulties.

"I carry with me the friendship of my government and people for Saudi Arabia, and shall convey to H.R.H. Prince Fahd ibn 'Abd al-'Aziz and other leaders of the Saudi Government the appreciative feelings and respect of the Republic of China. I shall also exchange views with them on further measures of cooperation. I am confident this visit will strengthen the friendship between our countries.

"As I depart, I wish to thank the foreign envoys, government leaders and others who have come here to see me off."

CSO: 4220

TAIWAN

RED CHINA TO ATTACK SRV AFTER RAINY SEASON

Taipei CNA in English 0945 GMT 14 Sep 79 OW

[Text] Taipei, 14 Sep (CNA)--Red China will deliver its promise to give Vietnam "another lesson" sometime after the rainy season in Indochina ends, the UNITED DAILY NEWS reported.

The paper said Teng Hsiao-ping, the man who ordered the first invasion last February, revealed the timing for the second invasion last July after he was briefed at the "Central Military Commission" about the preparations made for the new military action.

Teng made the following observations in connection with the second invasion:

--Over 10 Vietnamese units which received crippling blows during the February border war have not yet regained one half of their original combat strength. The replacements are lacking in morale and battle experience.

--Vietnam is still bogged down in Cambodia where 40,000 remnants of the Pol Pot regime are still fighting. And Hanoi is unable to throw two more divisions into the conflict after the second invasion is launched.

--On the Chinese Communist side, more armored vehicles and trucks will be mobilized next time, thus entailing huge fuel consumption. Therefore, fuel storage must be increased.

--Because of Vietnam's artillery bombardment, troops stationed in the border area should be pulled back five to 10 kilometers to avoid casualties. Efforts must be made to lure the Vietnamese and their Soviet advisers into believing that Peiping's troop deployment for the new invasion has not yet completed.

CSO: 4220

TAIWAN RADIO COMMENTS ON PRC-SRV PEACE TALKS

Taipei International Service in English 2140 GMT 17 Aug 79 OW

[Unattributed commentary: "Exercise of Futility"]

[Text] The 10th round of peace negotiations between the Chinese Communists and their former Vietnamese ally hopelessly failed to nobody's surprise.

As every [word indistinct] knows, the process of negotiation is essentially one of give and take. If anything is to come out of negotiations the parties concerned must be prepared to meet one another halfway. The communists are a different breed. They go to a conference only to gain an advantage not to make any concession. They may appear conciliatory at times but that is intended for (?lowering) their opponent's guard. Even if the communists made a promise which appears like a concession they would not hesitate to break it at the slightest (?pretext).

The Republic of China has had enough bitter experience in talking with the communists. That's why the free Chinese in Taiwan has determined not to meet the communists except on the battlefield.

The two antagonists sitting across the conference table are all communists. Both are masters of deceit and strategy and none is prepared to yield an inch. So the Peiping-Hanoi negotiations has to drag on for (?5 months) with no end in sight.

Besides, the problem that lies behind the Peiping-Hanoi quarrel is almost an irretrievable one. The Chinese Communists demand nothing less than discontinuation of Vietnam's attempt to establish regional hegemonism and its alliance with the Soviet Union. The rulers in Hanoi consider the demand totally unacceptable. After 42 years of continuous fighting against superior foes they are supremely confident of achieving their goal. And they know that Moscow not Peiping can help them in this regard.

However, it does not necessarily mean the two communist adversaries are about to resume fighting very soon. Despite troop buildup on both sides

of the border, there are compelling reasons for each side to refrain from making a rash decision. That's why Peiping and Hanoi agreed to continue talking immediately after the 10th session ended in deadlock even though no date has been set for the 11th round.

Nonetheless, the possibility of another flareup on the Sino-Vietnamese border is always present. The Soviet Union will not hesitate to incite it whenever possible. Even trigger-happy junior officers on either side (?wish) to start war along the increasingly tense border.

CSO: 4220

TAIWAN ECONOMIC REPORT URGES TRADE EXPANSION

Taipei CNA in English 0258 GMT 20 Aug 79 OW

[Text] Taipei, 20 Aug (CNA)--The government should exert utmost efforts to expand foreign trade and strengthen trading organizations at home and abroad, according to an economic report released here Sunday.

The study report prepared by two economics professors here under a contract by the research, development and evaluation commission of the Executive Yuan, emphasized the importance of planning, supervision and coordination of the nation's trading agencies.

The report recommended that the choice of development strategy and the evaluation of the overall situation the nation will encounter should be carefully tackled by the trading agencies.

Major issues covered by the report include the continued energy crisis, the economy recession of major industrialized countries, the rapid export growth of this country, South Korea, Japan, Hong Kong and Singapore, the adoption of trade protectionism and the imposition of antidumping tax by a number of importing countries.

Primary proposals recommended by the report are as follows:

--The council for economic planning and development should be empowered to make final decisions regarding the nation's trade policy.

--The council should step up efforts relating to trade analysis, planning, control and coordination.

--The board of foreign trade should set up separate responsible agencies either according to export-import commodities or their export-import areas.

--The board should promote trade expansion, collect market information, assist small and medium business to increase export, and encourage private and international investments or cooperation programs.

In the meantime, the research, development and evaluation commission reported on the work progress of the 121 major projects under its control, 92 were ahead of schedule, accounting for 76.23 percent. The remaining 29 projects or 23.77 percent were behind the set schedule.

CSO: 4220

TAIWAN RELEASES 7-MONTH INDUSTRIAL PRODUCTION FIGURES

Taipei CNA in English 0250 GMT 18 Aug 79 OW

[Text] Taipei, 18 Aug (CNA)—The Republic of China's industrial production in the first seven months of this year showed an increase of 11.2 percent over the same period of last year, government statistics showed.

An industrial official attributed the slower industrial growth this year to the oil crisis and the economic slowdown in the world.

A breakdown of the overall industrial growth in the January-July period shows:

--Mining: A reduction of 0.7 percent from the same period of 1978.

--Manufacturing: up 10.4 percent.

A. Heavy industry: up 13.3 percent.

B. Light industry: up 5.3 percent.

--Public utilities: up 12.3 percent.

--Housing construction: up 27 percent.

In the January-July period, most major industrials showed production gains compared with the like period of 1978.

A breakdown is:

--Coal: 1,562,000 metric tons, down 7 percent

From the corresponding period of last year.

--Electrolytic cooper: 8,880 tons, up 9.2 percent.

--Sugar: 680,000 tons, up 10.4 percent.

- Canned pineapples, asparagus and mushrooms: 5,944,000[as received]
standard cases, up 4 percent.
- Cotton yarn: 86,338 tons up 17.6 percent.
- Man-made fibers: 347,000 tons, up 16.9 percent.
- Plywood: 278 million square yards: up 3.2 percent.
- PVC powder: 236,800 tons, up 6.3 percent.
VCM: 192,300 tons, up 1.7 percent.
- Polyethylene: 86,700 tons, up 4 percent.
- Chemical fertilizers: 428,000 tons, up 12.1 percent.
- Cement: 6,678,000 tons, up 3.4 percent.
- Paper production: 258,200 tons, up 17.7 percent.
- TV sets: 3,254,000 units, down 16.3 percent.
- Calculators: 3,603,000, up 18.1 percent.
- Shipbuilding: 284,000 gross tons, down 17.7 percent.
- Automobiles: 61,775 units, up 51.4 percent.
- Power generation: 21,673 million kilowatt-hours, up 13.3 percent.

CSO: 4220

TAIPEI REJECTS PRC OFFICIALS'S PEACE OVERTURES

Taipei International Service in English 2140 GMT 14 Aug 79 OW

[Unattributed commentary: "Wang Ping-nan's Remarks"]

[Text] Wang Ping-nan, the chief Chinese Communist delegate in talks with the United States in Warsaw and Geneva during the 1950's, (?has been heard) speaking again this time on the topic of the Republic of China. Noting that Taipei has turned down all peace overtures from Peiping, Wang said this would not have been the case if the United States had withheld arms sales to the Republic of China, in plain words Wang was saying that the Republic of China would have answered Peiping's call for surrender if there had been no American support in arms.

The timing of Wang's remark is significant. The Sino-American mutual defense treaty is about to expire; so will be the 1-year moratorium on arms sales to the Republic of China agreed upon between the Carter Administration and the Peiping regime during their normalization negotiations. It is apparent that Peiping is working at an extension of the arms sale moratorium after the mutual defense treaty expires at the end of this year. If the Chinese Communists could succeed in dissuading Washington from continuously selling weapons to the Republic of China they would have gone a long way toward eventual subjugation of the 17 million Free Chinese by force of arms.

To quiet American concern for Free China Wang repeated Teng Hsiao-ping's words that no attempt would be made to lower the living standard of the people in Taiwan, and he further promised to let American and Japanese investors stay in Taiwan. Wang even implied the often repeated Chinese Communist claim that they contributed to the defeat of the warlords and the Japanese invaders.

None of his arguments can stand. With or without American support the Free Chinese will never surrender to the communists. Peiping can conquer Taiwan only over the dead bodies of the 17 million people in the island province. The Peiping regime has not tried to invade Taiwan only because

Free China is militarily ready to repel any invasion. Weakening Free China's defense capability in one way or another can only prompt the communists to take military action to achieve its long cherished goal.

As to Peiping's assurance that the people on Taiwan would be allowed to retain their democratic way of life and maintain their free economic system, all one has to do is to recall the promises Peiping made to the Tibetans before the regime sent its troops to their land and see what has become of Tibet today. Wang's claim that the communists helped the government of Generalissimo Chiang Kai-shek in defeating the warlords and Japanese militarists is too absurd to merit a comment. It is just another baseless communist lie.

CSO: 4220

CHIANG CHING-KUO DISCUSSES TAIWAN'S ECONOMIC DEVELOPMENT

Taipei CNA in English 0307 GMT 16 Aug 79 OW

[Text] Taipei, 16 Aug (CNA)--President Chiang Ching-kuo said Wednesday that the purpose of the economic reconstruction in the Republic of China is to attain the goals of the principle of social well-being, narrow down the gap between the rich and the poor, and enable all citizens to enjoy the fruit of economic development.

President Chiang made the remarks at a Kuomintang Central Standing Committee meeting in his capacity as chairman of the ruling party after hearing a report by Yu Kuo-hwa, chairman of the council for economic planning and development. At the meeting Yu reported on the implementation of financial and economic measures adopted last December at the third plenary session of the 11th Central Committee of the Kuomintang.

Yu's report included the following points:

- Encouragement of investments by private enterprises for promotion of economic development.
- Development of industries closely-related to national defense, training of skilled labor force, and strengthening of national defense.
- Improvement of business administration by state-run enterprises.
- Promotion of agricultural modernization.
- Promotion of foreign trade and investment.
- Improvement of functions of trade associations.
- Raising funds to support major investment projects and national defense programs, and improvement of taxation system.

--Improvement of banking operations and establishment of banking organizations abroad.

--Development of a mass transportation system.

--Promotion of research on science and technology.

CSO: 4220

TAIWAN COMMANDER CALLS ON PRC PILOTS TO DEFECT

Taipei International Service in English 0300 GMT 14 Aug 79 OW

[Text] In Taipei, Monday, on the eve of the Chinese air force day, Commander in Chief General Wu Yueh called on the Chinese Communist pilots to fly their planes to defect as the present confrontation between the Republic of China and the communist-held Chinese Mainland is a war between freedom and enslavement, patriots and traitors.

In his message, broadcast to the Mainland Tuesday, General Wu said that he treats the Chinese Communist pilots like close brothers just as he treats the Chinese air force personnel here. General Wu noted, "In the past 7 years there were seven Chinese Communist pilots defecting to Taiwan in their planes and they were warmly welcomed and taken care of." General Wu noted, "This serves as ample evidence that between you and us it is impossible to cut off fraternal ties."

He added, "Today is 14 August, Chinese air force day. Forty-two years ago the Japanese air force launched an offensive on Chien-chiao with first-rate equipment in the hope of destroying the budding Chinese air force." General Wu recalled, "To their surprise our air force pilots took off as eaglets to deal them a fatal blow." Wu said, "Consequently we beat off the enemy and achieved an overwhelming victory drawing praise from the world and greatly strengthening the force at home. We set 14 August as air force day ever since."

"On 14 August 1958 the Republic of China air force pilots repeated history by shooting down two invading Chinese Communist planes over the Taiwan Strait. In more than 10 more battles from then on to 7 October that year we downed altogether 31 communist planes over the Taiwan Strait."

General Wu said, "Please understand that you are our brothers, and if it were not for the Russian imperialists' support of the Chinese Communists who rebelled, if it were not for the communist regime usurping the Mainland with [word indistinct], we would not have to take opposing sides and fight each other."

General Wu said he hoped communist pilots would bear in mind the following two points: One, the present confrontation between the Republic of China and the communist-held Chinese Mainland is not a confrontation between two different nations nor a struggle between two political parties to seek power and never a confrontation between the people in Taiwan and on the Chinese Mainland. General Wu emphasized it is a war between freedom and enslavement, justice and evil and a struggle between patriots and traitors.

Two, today in Taiwan under the guidance of the San Min Chu I--the three principles of the people--we adopt free and democratic systems to help everyone to be free and happy, every family to be rich and stable. Our effort for democracy, freedom and national independence will achieve victory: This is beyond doubt.

General Wu said, "It is on (?this) basic understanding that I warmly and sincerely appeal to you to realize clearly that (?it is our) [words indistinct] of the whole Chinese people and our confidence and determination of those of all the Chinese people. The planes at your hands are instruments to reach freedom. I look forward to your breaking through the iron curtain and join the sacred mission of national recovery."

CSO: 4220

BRIEFS

TOURISM IN TAIWAN, PRC--Taipei, 19 Sep (CNA)--Foreigners who have visited China Mainland are welcome to visit Free China, Communications Minister Lin Chin-sheng said Tuesday. Minister Lin inspected the tourism bureau Tuesday afternoon. He instructed the local tourism industry to further develop overseas publicity to attract more visitors from abroad. He also emphasized the importance of developing tourist attractions throughout Taiwan. He said that the Republic of China welcomes foreign visitors from all over the world, including those who have visited the China Mainland. [Text] [Taipei CNA in English 0252 GMT 19 Sep 79 OW]

IMPLEMENT DIRECT TAXATION SYSTEM--Taipei, 7 Aug (CNA)--The government is stepping up its efforts to create a sound direct taxation system, Finance Minister Phillip C. C. Chang said Monday. Speaking at the weekly meeting of the Kuomintang Central Committee, Chang attached great importance to the implementation of the direct taxation system, saying that it will help narrow the gap of income and promote equal distribution of wealth among the people. At the same time, the government will continue to improve the investment climate by granting various incentives to attract more capital in the hope that an even higher gross national product will be achieved, Chang said. Talking about the government budget, he said that the government has continued to produce fiscal surpluses since 1964. However, the accumulated amount of money has been carefully utilized to finance purchase of military equipment, promotion of rural reconstruction and other major transportation projects. [Text] [Taipei CNA in English 0231 GMT 7 Aug 79 OW]

AUTO INDUSTRY GUIDELINES SET--Taipei, 16 Aug (CNA)--The Council for Economic Planning and Development has approved a set of guidelines for the development of the nation's automobile industry. Under the guidelines, submitted by the Ministry of Economic Affairs, incentives will be provided for the establishment of large-scale auto plants with an annual capacity of 200,000 cars. A substantial volume of the production will be required for export sales. The guidelines, which have undergone several revisions already, also calls for the establishment of a special automobile industrial zone and strengthening of the component industry. The guidelines still await final approval of the Executive Yuan. Currently, Tatung Co., the nation's largest manufacturer of electronic and electrical equipment, is negotiating with General Motors Corp. of the U.S. for building a plant here with a yearly capacity just meeting the requirement set under the guidelines. At present, Taiwan has six automakers with a total production this year projected to reach 110,000 units, up from last year's 77,000 units. [Text] [Taipei CNA in English 0930 GMT 16 Aug 79 OW]

INDUSTRY OIL CONSUMPTION CONTROLS--Taipei, 16 Aug (CNA)--The government-run Chinese Petroleum Corp. (CPC) may lift controls on oil consumption by industry in the near future as a result of increased oil shipment by some U.S. oil companies. CPC reported that because of the recent increase in crude oil supplies, it has already removed restriction on the use of solvent oils and oil for agricultural use. The company said it will also ease controls on consumption of fuel oil by the industrial sector. Consumption quotas for industry are now based on companies' average consumption in the March-May period. Since July, such oil firms as Caltex Petroleum Co., Gulf Oil Corp., and Mobil Corp. have resumed full oil shipments after curtailing shipments earlier because of the supply disruption in Iran. [Text] [Taipei CNA in English 0934 GMT 16 Aug 79 OW]

ECONOMIC TASKS MAPPED OUT--Taipei, 1 Aug (CNA)--The Ministry of Economic Affairs has mapped out major tasks for government enterprises in fiscal 1980. The major tasks are:--explore energy resources and diversify sources of oil supply;--develop thermo powerplants and nuclear powerplants and explore hydropower resources;--expand facilities for oil refining to get more oil refining business;--promote farm mechanization to accelerate rural development;--develop precision industries and upgrade shipbuilding technology;--tighten the evaluation of investment plans;--innovate the management and reinforce the training;--adopt new technologies and assist the enterprises to improve their financial structure. [Text] [Taipei CNA in English 0231 GMT 1 Aug 79 OW]

SANCTIONS AGAINST SRV--Taipei, 31 Jul (CNA)--Charles Shu-chi King, spokesman of the Ministry of Foreign Affairs, Tuesday called on free countries to take sanctions against Vietnam's oppression of refugees. In response to foreign wire service reports that the Vietnamese troops shot refugees on the Spratly Islands, the spokesman said: The communists' tyrannies have caused the exodus of refugees. Free countries have expressed their grave concern over and condemned the Vietnamese oppression of refugees. Free countries should take sanctions against the Vietnamese iniquities, King said. [Text] [Taipei CNA in English 1345 GMT 31 Jul 79 OW]

AID TO RURAL YOUTHS--Taipei, 13 Aug--The government in fiscal 1980 is planning to set aside NT dollars 123.7 million to help rural youths to start business or improve the management of farms, according to the council for agricultural planning and development. The government will use the money as loans to rural youths. It is estimated that 600 rural youths will be benefited under the program. The loans to rural youths will be used to improve the farm management, increase the category of agricultural production, improve the production facilities, enlarge the production capacity, adopt integrated production technologies, and promote joint marketing. [Text] [Taipei CNA in English 0238 GMT 13 Aug 79 OW]

EXXON OIL SUPPLY--Taipei, 13 Aug--The Chinese Petroleum Corp. (CPC) has received notice from Exxon of the United States that the American oil firm will resume supplying crude to CPC on a contract-volume basis, a spokesman for the state-run company said Sunday. According to the contract, Exxon should provide CPC with 20,000 barrels of crude from Saudi Arabia daily, but the volume has been cut by 10 percent since the beginning of this year. The spokesman said the daily crude volume supplied by Exxon to CPC was further reduced by 15 percent in July, meaning that there were 3,000 barrels short daily. Exxon's recent notice to CPC came after an announcement made by Saudi Arabia to increase oil production. CPC has been advised that Exxon will make up for the July shortages in August, the spokesman revealed. [Text] [Taipei CNA in English 0240 GMT 13 Aug 79 OW]

IMPORT-EXPORT FIGURES--Taipei, 13 Aug--The Republic of China's imports maintained a high growth rate in the first half of this year, but export growth slowed down slightly, an economic official said Sunday. Quoting customs statistics, he said imports during the first quarter of this year totaled U.S. dollars 3,100 million, an increase of 41 percent over the same period of 1978. In the second quarter, imports amounted to U.S. dollars 3,620 million, a hike of 33 percent over a year ago. He pointed out that exports in the first quarter topped U.S. dollars 3,360 million, a gain of 41 percent over the same quarter of the preceding year. But in the second quarter, exports totaling U.S. dollars 3,890 million, only surpassed the same period of 1978 by 21 percent. [Text] [Taipei CNA in English 0244 GMT 13 Aug 79 OW]

URUGUAYAN RECEPTION--Taipei, 25 Aug--The Embassy of the Republic of Uruguay held a reception Saturday noon at the Grand Hotel in Taipei to celebrate its nation's 154th founding anniversary. Speaking at the reception, Ambassador Buenaventura Caviglia Campora said that the Republic of China and Uruguay, sharing same ideals of democracy and freedom, are facing same enemies. He hopes the two countries will continue to strengthen their cooperation in political, economic and cultural fields. In response, Foreign Minister Y. S. Tsiang said that relations between the Republic of China and Uruguay have been very close and cordial since they established diplomatic ties 22 years ago. The despatch of Ambassador Caviglia to the Republic of China this year fully reflects the friendship of the Government and people of Uruguay for the Republic of China. [Taipei CNA in English 1339 GMT 25 Aug 79 OW]

UNDERSEA CABLE WITH PHILIPPINES--Taipei, 27 Aug--Construction of an undersea cable between Taiwan and Luzon, the Philippines, is scheduled to be completed in July next year, the directorate general of telecommunications said Monday. The cable, starting from Toucheng in Eastern Taiwan, is 1,025 kilometers in length with a capacity of 480 telecommunication lines, a spokesman said. The completion of the Taiwan-Luzon undersea cable construction will symbolize a new phase in Taiwan's cable connection with foreign countries and will bring together a multinational telecommunication network that also includes Hong Kong, Singapore, Japan and the United States, the spokesman said. In 1969, a transhorizon microwave system between Taiwan and the Philippines was inaugurated. [Text] [Taipei CNA in English 1350 GMT 27 Aug 79 OW]

OUTGOING ROK ENVOY--Taipei, 18 Aug--Chu Fu-sung, outgoing Chinese ambassador to South Korea, and Mrs Chu returned here Saturday evening from Seoul having completed his four-year and five-month term. They were greeted at the Chiang Kai-shek international airport by Ting Mou-shih, newly appointed ambassador to South Korea, and Mrs Dinb. Ambassador Chu said that relations between the Republic of China and the Republic of Korea have been cordial and close. As both countries are facing communist threats, they should cooperate closely to safeguard the security and peace in East Asia, Chu said. The outgoing ambassador praised President Pak Chong Hui as an able leader. South Korea has become a prosperous and strong nation under his leadership, Chu said. [Taipei CNA in English 1348 GMT 18 Aug 79 OW]

RICE PRODUCTION INCREASE--Taipei, 18 Aug--Production of the first rice crop in Taiwan this year amounted to 1.28 million metric tons, 12,000 metric tons more over the planned target, Huang Ching-feng, director of the Taiwan provincial food bureau, said Friday. The planted acreage in the first rice crop totaled 333,700 hectares Huang said. The unit production was 3,780 kilogram per hectare. Up to Thursday, the bureau has bought 33,700 tons of surplus rice from farmers, accounting for 71 percent of the total target, Huang said. [Text] [Taipei CNA in English 1342 GMT 18 Aug OW]

LABOR RELATIONS OUTLOOK--Taipei, 21 Aug--The ruling Kuomintang will offer more services to the labor force in Taiwan by helping improve relations between the management and the labor, Hsiao Tien-tsan, director for the party's department of social affairs, said Monday. In a speech at a monthly Sun Yat-sen memorial meeting, Hsiao said problems related to the labor force have called for increasing attention from all organizations concerned, particularly from the Kuomintang. Quoting statistics released by the Executive Yuan, Hsiao said the labor population totaled 3,147,462 persons, or roughly about one-fifth of Taiwan's population. The current guidelines of Kuomintang's social work are based on the spirit of the three principles of the people and directives given by Chairman Chiang Ching-kuo, he said. Hsiao's speech, delivered at the Shih-chieh Hall, was entitled "An Outlook for Kuomintang's Labor Guidance Work." [Text] [Taipei CNA in English 0230 GMT 21 Aug 79 OW]

AIR FORCE DAY CELEBRATION--Taipei, 15 Aug--The Chinese air force Tuesday celebrated the 42d air force day at the Chung Cheng Hall of the air force headquarters. Gen Wu Yueh, commander in chief of air force, presided over the celebration ceremony. A total of 126 air force personnel were cited at the ceremony for their contributions to maintenance of air force equipment and logistics. On 14 August 1937, the Republic of China's air force scored an overwhelming victory over the Japanese air force over Chien Chiao in Hangchow, drawing praises from the world. [Text] [Taipei CNA in English 0249 GMT 15 Aug 79 OW]

EXPORT PROCESSING ZONES--Kachsiung, 30 Aug--Two-way trade of Taiwan's three export processing zones in the first seven months of this year amounted to U.S. dollar 1,056,039,000, the Export Processing Zone Administration said Wednesday. The administration said that during the January-July period, exports from the three export processing zones totaled U.S. dollars 669,906,000 against imports of raw materials and capital goods of U.S. dollars 386,133,000, leaving a trade surplus of U.S. dollars 283,773,000. It is estimated that exports from the three export processing zones this year may hit U.S. dollars 1.2 billion, the EPZ Administration said. The EPX Administration said that there are 265 factories operating in the three zones. Investments from home and abroad in the zones totaled U.S. dollar 270,962,000. [Taipei CNA in English 0302 GMT 30 Aug 79 OW]

POPULATION FIGURES--Taipei, 30 Aug--Employed population in Taiwan area in June totaled 6,375,000, up 1.11 percent from the preceding month, the directorate general of budget, accounting and statistics of the Executive Yuan said Wednesday. Unemployed population in June totaled 73,000, down 2.67 percent from May, with an unemployed rate of 1.14 percent. Taiwan area's population at the end of June stood at 17,282,000 with a growth rate of 0.134 percent. Male population totaled 9,029,000 and females 8,253,000. [Taipei CNA in English 0300 GMT 30 Aug 79 OW]

STEEL EXPANSION PLAN--Taipei, 30 Aug--The China Steel Corp. (CSC) has mapped out a six-year expansion plan with the aim of boosting its steel products to 8 million metric tons a year. The plan was approved in principle by the council of economic planning and development of the Executive Yuan at a meeting Wednesday. Under the plan, a spokesman of CSC said, by 1986 when the final stage of its expansion project is completed, steel production will be boosted to 8 million tons annually from its originally target of 6 million tons. [Taipei CNA in English 0250 GMT 30 Aug 79 OW]

HEAVY INDUSTRY EQUIPMENT--Taipei, 29 Aug--In an effort to accelerate the nation's defense and heavy industries, a heavy industry equipment manufacturing project has been mapped out by the Taiwan Machinery Manufacturing Corporation (TMMC). A spokesman for the government-run TMMC said the project, scheduled to be implemented within 4 to 6 years, will call for an investment of NT dollars 9.3 billion in the initial stage. During the initial stage, TMMC will, among other things, construct a heavy forging plant and a heavy fabrication plant under the project. The estimated cost of the heavy forging plant is NT dollars 3.4 billion, with construction covering a period of 6 years. The plant will be used to manufacture parts for the national defense industry, auto parts and industrial equipment. TMMC will purchase NT dollars 700 million worth of machinery as part of its project to expand existing machinery processing equipment supplies. [Taipei CNA in English 0938 GMT 29 Aug 79 OW]

INDUSTRIAL EXPORTS--Taipei, 24 Aug--Exports of industrial products in the January-July period of this year totaled U.S. dollars 8,344.7 million, an increase of 29.1 percent over the same period of last year, an official of the industrial development bureau said Friday. Of the total, the heavy industrial products shipped abroad accounted for U.S. dollars 3,057 million, up 30.8 percent; and exports of the light industrial output, U.S. dollars 5,287.7 million, up 28.2 percent, the official said. [Taipei CNA in English 1359 GMT 24 Aug 79 OW]

BUDGET SURPLUS ESTIMATE--Taichung, 29 Aug--The Taiwan provincial government is estimated to generate a budgetary surplus of NT dollars 2,200 million (U.S. dollars 61 million) in fiscal 1979 which ended in June this year, Lin Kai-fang, director of the provincial department of budget, accounting and statistics, said Monday. Speaking at a monthly meeting of employees, Lin attributed the fiscal surplus to the continued economic growth at a rate of 12.79 percent, the increase of per capita income, the over collection of taxes and the reduction of expenditures during the year. According to a preliminary estimate of the final financial statements submitted by the government agencies and schools as of August 20, revenues collected in fiscal 1979 totaled NT dollars 58,400 million against expenditures of NT dollars 56,200 million for the period, leaving a surplus of NT dollars 2,200 million, Lin said. [Text] [Taipei CNA in English 0242 GMT 29 Aug 79 OW]

OIL RESTRICTION LIFTED--Taipei, 29 Aug--The Chinese Petroelum Corp. has lifted restriction on supply of oil for industrial use because the shortage in crude supply in the world market has been relieved greatly, an official of the state-run enterprise said Tuesday. He said CPC continues to limit the supply of fuel oil to industries and diesel oil to dealers, because their demands are in great quantities. However, he said, private industries and dealers may apply to the CPC for a special supply on a case-by-case basis to meet their special needs. [Text] [Taipei CNA in English 0252 GMT 29 Aug 79 OW]

FOREIGN INVESTMENTS--Taipei, 1 Sep--Foreign and overseas Chinese investment in the first seven months of this year amounted to U.S. dollars 206,247,000, an increase of U.S. dollars 121.8 million or 144.3 percent over the same period of 1978, the Ministry of Economic Affairs said yesterday. Of the total, U.S. dollars 48 million was invested by American entrepreneurs. Another U.S. dollar 34.4 million came from Japanese industrialists, the ministry said. [Taipei CNA in English 1331 GMT 1 Sep 79 OW]

TAIWAN-PHILIPPINE CABLE--An underwater cable between the Republic of China and the Philippines is under installation. It is scheduled to be completed by the end of March 1980 and be operable in April. The installation cost is 780 million yuan in Taiwan currency. It is 1,025 kilometers long. [Taipei Domestic Service in Mandarin 1100 GMT 25 Aug 79 OW]

TAIWAN-COSTA RICA AVIATION COOPERATION--The Republic of China and the Republic of Costa Rica have signed a protocol, under which the Far East Airline will send an advisory group to Costa Rica to discuss with Costa Rica's aviation company details of aviation cooperation. According to a ranking official of the ministry of communications, the ROC-Costa Rica aviation cooperation will at least include the construction of a modern airplane maintenance plant in Costa Rica, with technical knowhow and equipment provided by the Far East Airline. The plant will be capable of providing good maintenance service for medium-size and small passenger jets, as well as the propeller-driven planes that are still generally in use in Central and South America. [Taipei Domestic Service in Mandarin 1100 GMT 29 Aug 79 OW]

OIL EXPLORATION--Taipei, 23 Aug--Prospectors of the Chinese Petroleum Corp. (CPC) have struck natural gas in an offshore well, 15 kilometers off the coast of Hsinchu, in northern Taiwan a CPC spokesman said Thursday. The well is code-named CBK3. It yields 150,000 cubic meters of natural gas a day, plus a considerable amount of crude. CPC prospectors can't determine the amount of crude deposit immediately. CPC prospectors struck natural gas on CBK 1 last December 10, and on CBK 2 on March 24. Each well yields around 300 barrels of crude a day. To determine the amount of deposit, CPC prospectors drilled a new well, CBK 3, at a place 1,500 meters from the first two wells. They reached the depth of 3,200 meters and hit natural gas. CPC prospectors are optimistic about the offshore gas and crude exploration. Since the three wells are separated by a distance of 1,500 meters, they believe the gas belt extends quite widely. [Text] [Taipei CNA in English 0938 GMT 23 Aug 79 OW]

GOLD PRODUCTION--Taichung, 22 Aug--Gold deposits in the mountain Hohuan is estimated to reach 11.3 million taels, worth over NT dollars 100 billion (U.S. dollars 27,700 million), an official of a gold mining company said Tuesday. While seeking financial support from the Lthe provincial government, the official said that the mining company is scheduled to send miners to the gold mine at mountain Hohuan to start operation on August 25. Production of gold during the initial stage is estimated at 2,500 taels per month and by November, the production is expected to reach 7,500 taels, the official said. The Central Trust of China has notified the mining company to purchase all the gold it may produce, the official said. [Text] [Taipei CNA in English 0938 GMT 23 Aug 79 OW]

ECONOMIC SITUATION REPORT--Taipei, 24 Aug--The nation's foreign trade continued growing, with exports hitting a record high of U.S. dollars 1,510 million in July, Yu Kuo-hwa, chairman of the council for economic planning and development, said Thursday. Reporting on the current domestic economic situation at weekly meeting of the Executive Yuan, Yu said as a result of the skyrocketing world oil and other raw material prices, the industrial production growth declined, and wholesale prices rose sharply in July. In the January-July period trade surplus with the U.S. reached U.S. dollars 1,310 million, down from U.S. dollars 1,460 million recorded in the corresponding period last year, Yu said. The government will continue placing top priority on stabilizing commodity prices. Then it will seek to expand the foreign trade, Yu said. [Taipei CNA in English 0257 GMT 24 Aug 79 OW]

DEMOCRATIC-SOCIALIST PARTY--Taipei, 15 Aug--The China Democratic Socialist Party, one of the three political parties in the Republic of China, held a meeting at its headquarters in Taipei Wednesday in celebration of its 33d founding anniversary. The meeting was jointly presided over by Li Tuan, Yang Yu-tse, and Liu Chung-yi, members of the presidium of the party. Speaking at the gathering, Li Tuan called on members of the China Democratic Socialist Party to stand united and give full support to the central government in the struggle against communism and for the Mainland recovery. The China Democratic Socialist Party was founded on August 15, 1946 by the merger of the China National Socialist Party and the China Democratic Constitutional Party. [Taipei CNA in English 1350 GMT 15 Aug 79 OW]

PETROCHEMICAL EXPORTS--Taipei, 16 Aug--Exports of petrochemical products may reach NT dollars 600 million with the completion of the fourth naphtha cracker, a petrochemical industrialist said Wednesday. The expert said that the exports will reach U.S. dollars 1 billion if processed petrochemical products are included. He calls for more efforts to develop the petrochemical industry because it consumes only a limited amount of oil. Crude oil used by the petrochemical industry make up between 12 and 14 percent of the nation's total oil consumption, the expert said. [Text] [Taipei CNA in English 0234 GMT 16 Aug 79 OW]

COAL-POWERED ELECTRICITY--Taipei, 15 Aug--The state-run Taiwan Power Co., has decided to place its emphasis on the generation of coal-powered electricity to diversify the source of fuel, a spokesman said Tuesday. Statistics showed that Taipower consumes some 2.5 million metric tons of coal a year as fuel at present. The consumption volume is expected to reach between 10 million and 20 million tons annually by 1982, the spokesman said. He said that Taipower has already secured enough supply of coal. The spokesman said that the state-run power company also plans to spend a huge sum to equip its power plants with anti-pollution facilities. To diversify sources of fuel supply for power generation, Taipower is expected to rely 30 percent each on uranium, coal and oil and 10 percent on hydraulic power, the spokesman said. [Text] [Taipei CNA in English 0231 GMT 15 Aug 79 OW]

MONETARY MEETINGS' DELEGATION--Taipei, 17 Aug--The Republic of China will send a delegation to the 34th annual meetings of the International Monetary Fund and World Bank scheduled to be held in Belgrade, Yugoslavia from October 2 through 6. This marks the first time for the ROC to send an official delegation to a communist country. K. H. Yu, governor of the Central Bank of China, will head the delegation to the IMF meeting and C. C. Chang, minister of finance, will lead the delegation to the World Bank meeting. According to Central Bank spokesman Paul King, other members of the delegations are still being considered by the cabinet. King said there was no special significance in sending the delegations to a communist country since that is where the meetings are being held this year and the ROC normally sends delegations to those meetings. [Text] [Taipei CNA in English 0311 GMT 17 Aug 79 OW]

STEEL PRODUCTION FIGURES--Taipei, 17 Aug--Production at the government-run China Steel Corp. (CSC) is expected to reach 1.5 million tons for the current year, as compared with 1.1 million tons in 1978. CSC bases its production estimate on the current operation schedule which exceeds the firm's previously projected rate by 9 percent. Recently released figures show that the company's total revenue for the January-July period amounted to NT dollars 11.26 billion, an increase of 113 percent over the same period last year (total revenue NT dollars 5.24 billion) in July alone. The revenue totaled NT dollars 1,066 million, up 50.5 percent from a year ago. [Text] [Taipei CNA in English 0330 GMT 17 Aug 79 OW]

ELECTRICITY SUPPLY--Taipei, 11 Sep--Taiwan Power Co. Monday lifted restriction on supply of electricity to the carbide, steel and aluminum refining industries, a Taipower spokesman said. The Taipower adopted restrictive measures on June 4 to conserve power. Since June, power consumption has been cut by an average of 350,000 kilowatts per day. The reduction target was originally set at 250,000 kilowatts per day. [Text] [Taipei CNA in English 0310 GMT 10 Sep 79 OW]

RYUKYU AIR ROUTE--Taipei, 9 Sep--The ministry of communications of the Republic of China has approved the application of Japan Asia Airways to ply the Taipei-Ryukyu air route on a temporary basis, an official of the ministry said Sunday. The three-month authorization for JAA to fly the air route will not be extended, if the application of China Airlines to fly the same air route is not approved by the Japanese Government in three months, he said. The two airlines have agreed to jointly operate two round trip flights between Taipei and the Ryukyus each week. [Text] [Taipei CNA in English 1347 GMT 10 Sep 79 OW]

TRADE WITH JAPAN--Taipei, 5 Sep--The Republic of China and Japan will expand trade relations by granting each other the most favored nation status in customs duties of a wide range of items, it was learned here Tuesday. Based on the conclusions made at a recent Sino-Japanese trade meeting in Tokyo, the two countries will offer concessions related to customs duties in such a way as outlined in a memorandum of this year's multinational trade negotiations (MTN). According to the MTN principle as applied by Japan to the Republic of China, the latter will enjoy Japanese trade concessions in as many as 2,800 items, including 2,600 industrial products and 200 agricultural products. In return, the Republic of China has agreed to grant Japan such trade privileges as given to the United States based on a Sino-American bilateral trade agreement recently concluded. [Text] [Taipei CNA in English 0254 GMT 5 Sep 79 OW]

INTERNATIONAL LOANS--Taipei, 5 Sep--The Republic of China will continue to seek international loans to finance its economic redevelopment projects, the Executive Yuan said Wednesday. In a written report to the nation's lawmaking body, the Executive Yuan said that foreign loans borrowed by government agencies and state-owned enterprises as of the end of June totaled U.S. dollars 3,498 million. The debt service has maintained at a rate of less than 7 percent since 1972, far below the internationally recognized standard of 10 percent, which represents an excellent record in measuring

the credit standing of this country, the report said. The repayment of loan principals and interests by borrowing agencies and enterprises amounted to U.S. dollars 804 million in 1978, representing a debt service of only 5.74 percent as compared with commodity export and service income in the corresponding period, the report said. [Text] [Taipei CNA in English 1410 GMT 5 Sep 79 OW]

QUARTERLY ECONOMIC GROWTH--Taipei, 6 Sep--The nation's economic growth in the second quarter of this year has reached 8.9 percent, higher than the projected figure, the directorate general of budget, accounting and statistics said Wednesday. The original projection for the second quarter made by the directorate was set at 8.25 percent. The increase in prices in the period was also lower than the forecast, showing the economic performance in the second quarter was better than expected, the directorate said. An estimate indicates that economic growth in the third quarter will exceed 7 percent as a result of the rapid increase in exports in July and August, the directorate said. The fourth quarter growth remains to be uncertain according to an analysis of an economists. However, if the growth will be able to maintain at 7 percent, the annual growth will attain the projected goal of 8 percent, the directorate said. [Text] [Taipei CNA in English 0243 GMT 6 Sep 79 OW]

PER CAPITA INCOME--Taipei, 6 Sep--The national income in the first half of this year totaled NT dollar 467.6 billion, an increase of 20.72 percent or 11.97 percent in real terms over the same period of last year, the Executive Yuan said Wednesday. The per capita income in the January-June period amounted to NT dollar 27,156 (U.S. dollar 754), the Executive Yuan said in an administrative report to the Legislative Yuan. Monthly wages for employees of the manufacturing industry in the period averaged NT dollar 7,508, up 22.76 percent, while the consumer price index increased 7.42 percent in the period, the Executive Yuan said. [Text] [Taipei CNA in English 0241 GMT 6 Sep 79 OW]

ENERGY CONSUMPTION--Taipei, 17 Sep--The nation's energy consumption in the first half of this year totaled 15,015 million kiloliters equivalent of oil, official statistics showed. The energy consumption in the period showed an increase of 15 percent over the first half of 1978. According to an energy committee of the ministry of economic affairs, the nation's energy consumption in June amounted to 2.49 million kiloliters equivalent of oil, a reduction of some 25 percent from May, but up 22 percent from the same month of 1978. Oil represented 68.25 percent (1.64 million kiloliters) of the total consumption in June. Coal accounted for 10.21 percent (340,000 tons); natural gas 6.46 percent (155.6 million cubic meters); hydroelectric 7.91 percent (71.21 kilowatt hours); and nuclear power 7.17 percent of total consumption. Hydroelectric power consumption was down 1.24 percent from May (to 3,378.7 million kilowatt hours), but up 6.44 percent from June, 1978. Hydroelectric power accounted for 21.08 percent of total energy consumption. Thermal power represented 59.82 percent. Nuclear power made up the rest. [Taipei CNA in English 1337 GMT 17 Sep 79 OW]

NATURAL GAS--Hsinchu, Northern Taiwan, 18 Sep--An oil well near Chingtsao (Green Grass) Lake in Northern Taiwan has proved to be conserving rich natural gas, the Chinese Petroleum Corp. announced on Monday. An engineering team of the state-run oil company started digging oil well No 17 on July 24, but it was not until early this month that any signs of natural gas showed up. The well, now 2,527 meters in depth, is capable of turning out 140,000 cubic meters of natural gas daily, according to an initial estimate. [Text] [Taipei CNA in English 0256 GMT 18 Sep 79 OW]

GOODWILL MISSION TO AFRICA--Johannesburg, 6 Aug--A 5-member goodwill mission from the Republic of China's Legislative Yuan arrived here Monday to start a three-week visit to South Africa, Malawi, Swaziland and Lesotho. The mission, led by the South African-area Legislator Liu Chang-teh, was welcomed upon arrival by Ambassador Kuan Yeon, Consul General Lo Min-yuan and Chinese community leaders. This is the first time a delegation from the Legislative Yuan has visited friendly countries in Southern Africa which have maintained throughout the past decade cordial diplomatic as well as economic ties with the Republic of China. The mission will visit Johannesburg, Pretoria, Capetown and Port Elizabeth before going to Malaw, Swaziland and Lesotho. It is scheduled to complete its Southern African tour on August 24 and leave for Taipei on the same day with outgoing Ambassador Kuan, who will soon take up his post as vice minister for foreign affairs. [Text] [Taipei CNA in English 1343 GMT 6 Aug 79 OW]

TAIWAN SHIPPING LINE--A joint briefing session held by the ministry of economics and the ministry of communication on 4 August, decided to inaugurate a shipping line between Taiwan and Central-South America to develop foreign trade. The session was presided over jointly by Minister of Economics Zhang Guangshi and Minister of Communication Lin Jinsheng. [Taipei UNITED DAILY NEWS in Chinese 5 Aug 79 OW]

EMPLOYMENT STATISTICS--Taipei, 14 Aug--More and more people are finding jobs in the industrial and service sectors of the economy, government statistics showed. Back in 1952, agriculture employed 1,800,000 people, or 61 percent of the labor force; industry, 270,000 people, or 9.3 percent; and services, 870,000 people, or 29.7 percent. In 1978, agriculture employed 2,300,000 people, or 31.8 percent of the labor force; industry, 2,080,000 people, or 28.3 percent; and services, 2,900,000 people, or 39.9 percent. In the past 26 years, the economy has provided 1,810,000 additional jobs, the statistics showed. [Taipei CNA in English 0950 GMT 14 Aug 79 OW]

GEOHERMAL POWER--Taipei, 14 Aug--The National Science Council (NSC) will soon start building a pilot geothermal power plant in the Chingshui area in northeastern Taiwan. The power plant, the second of its kind in Taiwan, will be able to produce 1 to 3 megawatts of electricity when it is completed six months from now. NSC's first geothermal power plant in the same area can generate only 350 to 400 kilowatts of electricity. The new power plant will use the steam from a newly dug well, which is 3,000 meters deep. With a

temperature of 230 degrees centigrade, the well is judged to be the most economically valuable one among the seven wells drilled by the Chinese Petroleum Corp (CPC) in the area. The exploration for geothermal energy, which is part of the nation's efforts to seek diverse energy sources, will continue in other parts of the island, according to a CPC official. [Text] [Taipei CNA in English 0943 GMT 14 Aug 79 OW]

FOREIGN TRADE--Taipei, 7 Aug--Exports of the Republic of China totaled U.S. dollar 1,500 million in July, a record high for a single month, an official of the economics ministry said Tuesday. According to statistics released by the customs, exports amounted to U.S. dollars 1,218 in May, and reached U.S. dollars 1,410 million in June, the official said. The sharp increase in exports in July has cleared away the cloud of doubt about Taiwan's economic growth in the second half of this year, the official said. It was anticipated that Taiwan's foreign trade would slow down in the second half of this year as a result of the dwindling world oil supply and soaring prices of raw materials. Taiwan's exports in the first seven months totaled U.S. dollars 8,700, the official said. [Text] [Taipei CNA in English 1348 GMT 7 Aug 79 OW]

EEC TRADE--Taipei, 7 Aug--Taiwan's trade with the European Economic Community countries has grown fast in the past 20 years, according to an analysis released by the International Commercial Bank of China Monday. Last year exports to the EEC member countries totaled U.S. dollars 1,460 million, an increase of 190 times over 1958; and imports from those countries reached U.S. dollars 1,070 million, up 59 times, the analysis shows. The average annual growth rate of exports to the EEC was 35.2 percent, while the average growth rate of imports from the EEC was 25.4 percent in the past 20 years. The Republic of China suffered deficits in trade with the EEC before 1969. However, the nation has recorded trade surpluses since 1970, with the exception of 1974, the analysis says. [Text] [Taipei CNA in English 0937 GMT 7 Aug 79 OW]

KMT VISITORS--Seoul, 7 Aug--The visiting Kuomintang group from the KMT Taiwan provincial committee Tuesday visited the National Assembly and called National Assembly Vice Speaker Min Kuan-shik. The vice speaker praised highly about the correct and successful economic policies of the Republic of China which have made the Republic of China to maintain its stability and prosperity despite the recent consecutive hikes of international oil prices. The visiting KMT group today also called on Minister without portfolio Kim Yong-tai, who expressed his strong support of expanded bilateral exchanges of working level officers between the ruling DRP and the KMT. National Assembly Vice Speaker Min Kuan-shik hosted a dinner party this evening for the KMT group. [Text] [Taipei CNA in English 1345 GMT 7 Aug 79 OW]

SPECIAL ENVOY TO BOLIVIA--Taipei, 26 Jul--President Chiang Ching-kuo Thursday appointed Chow Hong-tao, minister without portfolio, as special envoy to attend the ceremony marking the inaugural of the new president of Bolivia, according to a presidential decree. [Text] [Taipei CNA in English 1358 GMT 26 Jul 79 OW]

KUOMINTANG ORGANIZATION--Chung Hsing New Village, 7 Aug--The democratic political system must be coupled with the rule of law and morality, Chen Li An, director of the department of organizations of the Kuomintang Central Committee, said Monday. The Republic of China has made marked achievements in the political field as well as in the economic sector in recent years, Chen said at a week Dr Sun Yat-sen memorial meeting of the provincial government. To consolidate unity of the nation and promote democracy, the ruling Kuomintang had put through many needed reforms, Chen said. Reporting on KMT's organizational structure, Chen said that at present KMT has some 1.8 million members. Of the total, 81 percent are males and 19 percent females. [Text] [Taipei CNA in English 0300 GMT 7 Aug 79 OW]

JAN-JUN TRADE, INDUSTRY FIGURES--Taipei, 26 Jul--According to K. H. Yu, chairman of the council for economic planning and development, in a report at a weekly meeting of the Executive Yuan Thursday, two-way trade in the first six months was valued at U.S. dollars 13,960 million, of which exports made up U.S. dollars 7,230 million and imports accounted for U.S. dollars 6,730 million. The surplus in trade in the January-June period was down from U.S. dollars 660 million recorded in the like period of last year. In the first two quarters of this year, exports to the United States totaled U.S. dollars 2,500 million and imports from that country stood at U.S. dollars 1,500 million, leaving a surplus of U.S. dollars 1,000 million, down from U.S. dollars 1,180 million registered in the same period of last year. Trade balance continued to favor Japan in June with the volume climbing to U.S. dollars 240 million. The total balance in favor of Japan in the first six months was U.S. dollars 1,120 million for a rise of U.S. dollars 120 million from the corresponding period in 1978. In the first half of this year, industrial production gained 13 percent compared with the like period of last year. A breakdown in comparison with last year shows that automobiles rose a whopping 62 percent, following by canned pineapples, mushrooms, and asparagus, up 61 percent. [Taipei CNA in English 1400 GMT 26 Jul 79 OW]

EXPORT-IMPORT BANK LOANS--Taipei, 26 Jul--The Export-Import Bank of China has set aside a budget of NT dollars 3.6 billion, about U.S. dollars 100 million, for financing exports of Taiwan-made machinery in fiscal 1980 which began July 1 this year. The NT dollars 3.6 billion fund will be distributed as follows among exports to four different market areas: Southeast Asia, NT dollars 1 billion; North America, Europe, and Northeast Asia, NT dollars 1.8 billion; the Middle East and Africa, NT dollars 500 million; and Central and South America, NT dollars 350 million. Allocation of the funds is based on past export performance of Taiwan-made machinery to these four areas and its present market potential. No maximum ceiling has been set for a single loan, an official at XIMBANK said. [Text] [Taipei CNA in English 1009 GMT 26 Jul 79 OW]

ROK-KUOMINTANG EXCHANGES--Seoul, 7 Aug--The ruling parties of the Republic of Korea and the Republic of China will expand their mutual personnel exchanges from top leader to working-level officers for further cementing

their cooperation and friendships. In receiving a 14-member Kuomintang's Taiwan provincial committee delegation, Rep Sin Hyon-sik, secretary general of the ruling Democratic Republican Party, said that the visiting of Korea by Kuomintang officers from local committees symbolized the opening of a new era of DRP-KMT cooperation. [Text] [Taipei CNA in English 0241 GMT 7 Aug 79 OW]

FOREIGN INVESTMENT APPROVAL--Taipei, 8 Aug--The investment commission approved U.S. dollars 206.2 million worth of foreign investments during the first seven months of this year, an increase of 144 percent over the same period last year. The commission approved U.S. dollars 116.4 million worth of investment projects by foreign nationals during the period. Of that figure, U.S. dollars 48 million came from the United States, U.S. dollars 34.5 million from Japan, U.S. dollars 14.8 million from European countries, and U.S. dollars 18 million from other areas. Overseas Chinese investment totaled U.S. dollars 89.7 million with those in Hong Kong and Japan putting in U.S. dollars 6.3 million and U.S. dollars 4.88 million respectively and the remaining U.S. dollars 78.7 million from other areas. The commission also approved 75 technical cooperation projects during the same period, of which 48 came from Japan, 18 from the U.S., 8 from Europe and one from somewhere else. [Taipei CNA in English 1004 GMT 8 Aug 79 OW]

INTERPOL RADIO NETWORK--Taipei, 9 Aug--The Republic of China has decided to join the Interpol Radio Network headquartered in Tokyo, Kung Ling-sheng, director of the national police administration, said Wednesday. Speaking at a press conference at Chiang Kai-shek international airport upon his return from Seoul, Kung stressed the importance of affiliating with the international police agency, saying that it will help prevent international crimes. [Text] [Taipei CNA in English 0250 GMT 9 Aug 79 OW]

WHOLESALE PRICE INDEX--Taipei, 9 Aug--Commodity price indexes showed marked increase in July as a result of the soaring world oil and other raw material prices, the directorate general of budget, accounting and statistics of the Executive Yuan said Wednesday. Wholesale price index rose 3 percent, urban consumer price index increased 0.85 percent, imported commodity price index rose 3.95 percent, and exported commodity price index hiked 0.2 percent in July, compared with June. However, during the first seven months of this year on the average wholesale price index rose 11.93 percent, urban consumer price index increased 7.91 percent, imported commodity price index hiked 10.66 percent, and exported commodity price index jumped 12.26 percent, in comparison with the same period of last year, according to statistics released by the directorate general. [Text] [Taipei CNA in English 0248 GMT 9 Aug 79 OW]

ARMED FORCES DAY RALLY--Taipei, 3 Sep (CNA)--A rally was held Sunday at the armed forces cultural activities center Sunday in celebration of the 25th Chinese armed forces day, which falls on Monday. Adm Soong Chang-chih, chief of the general staff, presided over the meeting. Altogether 173 military heroes and model soldiers selected from units of the Chinese armed

forces this year were presented awards and citations by Adm Soong at the meeting. In a declaration, adopted at the meeting, all men of the Chinese armed forces pledged to step up war preparedness and to meet any challenge from any enemies. In a letter to the men and officers of the Peiping regime, the Chinese armed forces urged the Chinese Communist military units to overthrow the tyrannical regime and restore freedom to the Mainland people. The military heroes and model soldiers also sent a cable to President Chian Ching-kuo, showing their respects to the president. [Text] [Taipei CNA in English 0237 GMT 3 Sep 79 OW]

EXPORTS TO JAPAN--Taipei, 13 Jul(CNA)--Taiwan is expected to export to Japan US\$ 3,020 million worth of housewares, textiles, sophisticated machinery, general machines, and electrical machinery by 1987 at an annual growth rate of 33 percent, according to a survey released by Nomura General Research Institute of Japan. Results of the survey will be shortly sent to the government for reference. The survey was commissioned to the Japanese institute by the Council for Economic Planning and Development. The survey listed the foregoing five categories as the most potential products whose demand in the Japanese market will grow in the next 10 years. A breakdown shows exports of housewares to Japan will hit US\$855 million by 1987. Textiles, up to US\$1,300 million; sophisticated machinery, US\$105 million; general machines, US\$174 million; and electrical machinery, US\$586 million. [Text] [Taipei CNA in English 0232 GMT 13 Jul 79 OW]

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